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TUESDAY 10 OCTOBER 1995

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IN SECTION ONE

THIS MAN WILL PRESERVE
Does Colin Powell want to be President? Badly, Jim...

IN SECTION TWO

THE CUTE KID, ACUTE BREAKDOWN
Why Macaulay Culkin's only starring role is in his parent's custody battle

20,000 jobs to go in giant bank merger

Directors in £10m share-out

JOHN WILLCOCK
JOHN EISENHAMMER
and NICK CICUTTI

Ambitious plans by Lloyds Bank to take over its high street rival, the TSB, are likely to mean up to 20,000 job losses. 500 branch closures and share option gains totalling £10m for a handful of directors, it emerged yesterday.

The proposed takeover is the latest and biggest in a series of consolidating mergers in the financial services sector as banks and building societies seek to cut costs and improve their competitive position.

News of the merger plan, which is at a very advanced stage, was described as "appalling" by Leif Mills, general secretary of the Banking and Insurance Finance Union (BIFU). "This would mean savage cutbacks in the branch network and less consumer choice," said Mr Mills.

City insiders warned of job cuts of 20,000 over several years, out of a combined workforce of 90,000. The merger calculations, worked out by Lloyds' advisers, Baring Brothers, are said to be based on an ambitious savings target of £2bn, which would mean taking out some £400m annually from the combined operations. To be known as Lloyds TSB Group plc, the combined bank would have more than 3,000 branches and a market value of £15bn.

HSBC, which owns Midland,

remains the UK's biggest bank, but many of its operations are overseas.

Sources close to Lloyds and TSB management stressed that most job cuts would be by natural wastage and spread over a number of years. British high street banks have already cut over 60,000 jobs in the last five years, while Lloyds' chief executive, Sir Brian Pitman, himself said earlier this year that another 75,000 would have to go throughout the industry.

Lloyds' branch staff currently total 43,500 at 1,800 outlets, mostly in the south of England, while the TSB has 24,000 workers at 1,200 branches, mainly in the north and Scotland. However, BIFU warns there is significant overlap in the Midlands and Wales.

Unions and consumer groups want the deal investigated by the Monopolies and Mergers Commission (MMC). BIFU's Mr Mills wrote to Ian Lang, Secretary of State for Trade and Industry yesterday calling for a referral to the MMC, saying staff and customer confidence threatened. An MMC probe could blow the deal off course.

Lloyds' previous attempt at a dash for growth, when it bid for Midland Bank in 1992, was abandoned when an MMC probe appeared likely.

Lloyds has shed 15,000 people since 1991, while TSB has cut 8,000 since 1991, while TSB has cut 8,000 in the same period. TSB is closing 200 branches this year and plans to do the same

next year.

City analysts said yesterday that the main targets for cuts would be the Lloyds administrative centre in Bristol and its TSB equivalent in Birmingham. Other overlaps occur between the Lloyds Abbey Life insurance operation in Bournemouth, Dorset, and TSB insurance in Andover, Wiltshire.

There will also be overlaps between Cheltenham & Gloucester, Lloyds' recently acquired mortgage arm, and TSB's Mortgage Express.

Kate Scribano, head of money policy at the Consumers Association said both Lloyds and TSB lagged behind other banks and building societies in a recent survey on service.

"[The merger] is good news if any savings... are used to improve standards of service and quality of products," Ms Scribano said.

The new Lloyds TSB will have almost a tenth of the UK mortgage market and nearly a fifth of small business lending. Under the deal, Lloyds will end up owning 70 per cent of the bank while TSB shareholders will get a "special dividend" of 68p per share, totalling £1bn, and shares in the new bank. If the deal goes ahead it values TSB at over £5bn.

The new chairman of the group will be Sir Robin Ibbotson, chairman of Lloyds, while Sir Brian Pitman remains as chief executive. But Peter Ellwood, chief executive of the TSB, who will take over responsibility for integrating the key retail operations of the two banks, appears to be well positioned as chief executive designate of the new banking giant when Sir Brian retires.

TSB's shares rose 79p to 353p and Lloyds by 21p to 726p.

High Street Battle, page 20

Comment, page 21

How the banks will balance up					
Lloyds/TSB	8,000	90,000	2	9.6	18
NatWest	2,533	83,000	1,592	5.9	28
Barclays	2,000	65,000	1,859	4.1	26
Midland	1,736	49,000	0,905	1.9	14
Abbey National	676	20,000	0,932	15.2	N/A

EMMA DAILY
Sarajevo

Bosnia's latest cease-fire was delayed last night after a tense day of shelling. Nato air strikes and failed to restore utilities to Sarajevo. "It will not happen because the conditions have not been met yet," said Hasan Muratovic, the Bosnian government's minister in charge of relations with the UN.

The cease-fire had been scheduled to take effect at one minute after midnight this morning. Mr Muratovic, appearing on Bosnian television, said the government and the Bosnian Serbs did as much as they could to restore electricity and natural gas service to Sarajevo, but could not get the

job done. He said that the truce will take effect as soon as that work is done. Restoration of utilities to Sarajevo was a key condition of a ceasefire accord brokered last week by the United States.

Showing little sign that they would cease hostilities, Bosnian government and Serb troops fought pitched battles around several key towns in northwest Bosnia. "The whole area is very active... lots of roads have been closed. We assume it's to ferry down the wounded," a Western military monitor said.

Monitors in Bihać in the northwest said battles were raging around Mrkonjić Grad, Kličic and Bosanska Krupa, as the midnight deadline loomed. Mrkonjić Grad lies on a

strategic road intersection some 60 miles southeast of Bihać and 15 miles south of the Serb's northern stronghold of Banja Luka.

It has so far escaped being overrun by Muslim and Croat forces who captured 1,500 square miles in the region in a rapid offensive last month.

The capture of Mrkonjić Grad would give the government army control of the Sarajevo-Bihać road, a vital all-weather route linking mainly-Muslim areas in central and western Bosnia which have been completely separated in the three and a half year war.

Earlier yesterday, Nato planes attacked Serb targets in northeastern Bosnia after Serb shelling of government territory.

fused to restore the flow, via Hungary, because they are owed more than \$100m (£63m) in unpaid bills for gas used in Sarajevo and diverted by the Serbs away from the city. Last night engineers from the Overseas Development Administration sat disconsolate by the phone awaiting the green light from Moscow. Once it comes, gas could reach the city within about 12 hours. Water will flow and the electrical supply is up and running.

Tide of war, page 13

Major warns of 'ruthless' road to tax cuts

DONALD MACINTYRE
Political Editor

John Major last night warned a party still reeling from the defection of Alan Howarth MP for Stratford-on-Avon, to Labour that the Government would have to make "ruthless" decisions about public spending to ensure tax cuts.

In an uncompromising dismissal of a central element in Mr Howarth's farewell attack on the Conservative Party, the Prime Minister recommitted himself to reducing taxes and identified the welfare state as a prime target for cuts to pay for them.

As Brian Mawhinney, the party chairman, led a concert,

for the well-off". In one nod to Mr Howarth's departure by claiming that it was "yesterday's news", Mr Major told the Tory agents' dinner that few things angered people more than "others living off the welfare state - off taxpayers' money - when they could look after themselves".

Mr Howarth, who said in one of a series of broadcast interviews that the Prime Minister had told him what a "nuisance" his defection had been in their brief telephone call on Sunday night, had condemned in his resignation letter to the Stratford-on-Avon constituency party cuts in benefit for the unemployed, sick and disabled - and had complained of the Conservative "clamour for tax cuts

drive down public spending elsewhere.

But the rest of the Prime Minister's speech was a clear attempt to appeal to the right and to highlight what he himself called the "clear cut choice" between a Labour Party still "hoping that throwing money at

problems will solve them" and the Tories "trusting the people, giving them more power, more choice and more opportunities".

Mr Major had intended to go into greater detail in his speech on policy, but deferred specific announcements until he makes his leader's speech to the conference on Friday on the grounds that they would have been inappropriate while the party was mourning the death of Lord Home, a former Prime Minister.

The party conference will begin today with one minute's silence in Lord Home's memory.

Mr Major's tough message on spending will be underlined today when William Waldegrave,

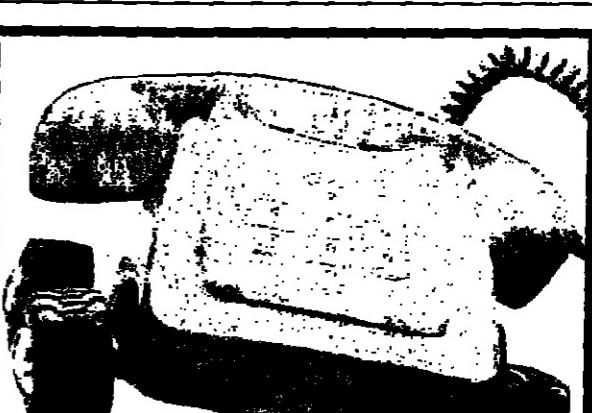
a born-again economic dry in his

role as Chief Secretary to the Treasury, will say that the lower spending as proportion of national income can be driven below 40 per cent the better.

The start to the conference was made even shakier by the announcement yesterday that Tate & Lyle was reducing its contribution to the Tories by £10,000 and giving £1,500 to Labour for the first time.

Sir Edward Heath, another former Prime Minister, last night declared regret that there were sections of the party which had an "absolute mania" about tax cuts. While he sympathised with Mr Howarth's arguments he still believed that he had been wrong to defect to Labour.

Conservatives in Blackpool, a born-again economic dry in his



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Mrs West's murder fears
Rosemary West warned her parents that her husband, Frederick, could be a murderer almost 25 years ago, her mother said yesterday. Winchester Crown Court heard that Mrs West said: "You don't know him, you don't know him. There is nothing he would not do - even murder." Page 2

Strike paralyses France
In the most serious challenge yet to the government of Alain Juppé, much of France will be paralysed today by a 24-hour strike called by seven unions representing five million public sector workers in protest against government plans to freeze their wages. Page 12

BT security alert
British Telecom has sold thousands of telephone systems to businesses without alerting them to serious security flaws that have let phone hackers make hundreds of thousands of pounds worth of free calls. Page 3

Justice is done, Saudi-style
"She was ordered to kneel before a crowd of Saudis where an executioner with a sword tore off her scarf. He then cut off her head." Robert Fisk on "justice" meted out to Filipina housemaids in Saudi Arabia. Page 14

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A member of the Association of British Insurers and of the Insurance Confederation Board. Not available in Northern Ireland.

news

Wife feared that West 'could murder'

WILL BENNETT

Rosemary West warned her parents almost 25 years ago that her husband, Frederick, was capable of murder, Winchester Crown Court was told yesterday.

A dramatic account of a doorstep confrontation in 1971 was given by Daisy Letts, Mrs West's mother, on the second day of evidence in the trial.

She told the court that Mrs West, now 41, who denies 10 charges of murder, returned home briefly, apparently after she and Mr West had had a row.

Mr West then went to the Letts' house in Bishop's Cleeve, near Cheltenham, Gloucestershire, and, as the family stood at the door he said: "Come along Rose, come on home."

Mrs Letts told the court: "She turned to her father. She just said 'You don't know him, you don't know him. There is nothing he would not do -

even murder.' We just thought it was the words of a highly-strung girl. We did not take it seriously." However, despite the outburst, Mrs West returned to her husband.

Mr West, who was accused of 12 murders, including the 10 with which his widow is charged, was found dead in his prison cell in Birmingham on New Year's Day.

Mrs West is charged with the murders of 10 girls and young women whose remains were found at the Wests' home in 25 Cromwell Street, Gloucester, and at a flat in the city where they lived previously.

The prosecution alleges that seven of the victims were bound and gagged and kept alive for days while they were sexually abused. They were found dismembered and decapitated – five of them buried in the cellar at Cromwell Street.

Mrs West is also accused of murdering her eldest daughter, Wester, as well as Charmaine West, the daughter of her husband's first wife, Shirley Robinson, a lodger who was pregnant by Mr West.

Yesterday, frail and grey-haired, Mrs Letts, 76, did not glance at her daughter once as she gave evidence. Mrs West



Rosemary West (left) and her stepdaughter, Charmaine. A neighbour said the two had a difficult relationship



Rosemary West (left) and her stepdaughter, Charmaine. A neighbour said the two had a difficult relationship

was not telling the truth. We did not take to him. He said that he had a hotel in Scotland and a caravan site in Scotland."

Shirley Giles, a former neighbour of the Wests at their previous home – 25 Midland Road, Gloucester – told the court that Rosemary West had a difficult relationship with Charmaine West, the daughter of Mr West's first wife, Rose.

Mrs Giles' daughter, Tracey, became friendly with Charmaine when the West family moved to Midland Road in 1970. One morning she sent the child down to borrow a pint of milk. Tracey burst in on a disturbing scene in the West's flat.

Her daughter, now Tracey Hammonds, told the court yesterday that Charmaine was standing on a chair with her hands tied behind her back with a leather belt and that Mrs West was holding a large wooden spoon with which she was ap-

parently on the point of beating the seven-year-old girl.

Mrs Hammonds said that after they moved, they went back to Midland Road to see Charmaine and spoke to Mrs West. "I said 'Where is Charmaine?' and the lady there said 'She has gone to her mother's and bloody good riddance!'"

Earlier, Brian Leveson QC finished opening the case for the prosecution. He said that in every single set of remains found, there were bones missing, including many from the hands and feet and in seven cases, one or both kneecaps. The mutilation had been deliberate, he told the court.

"We know that the bodies were dismembered so that a smaller hole was all that was needed to make it easier to hide them in the ground. Each has already been mutilated."

"Fingers could well have been removed to render the task

of identification more difficult. That again is mutilation. Why is one or both kneecaps missing from seven of the girls? The only answer we submit again is that."

He said that the victims had clearly been sexually abused and that the masks and other restraining devices found with their remains "speak from the grave as to what had happened to them".

He told the jury of eight men and four women that Mrs West must have been involved in the murders with her husband and concluded: "Between 1971 and 1987, 10 dead bodies. All at Mrs West's home, one at Midland Road and nine at Cromwell Street."

"The Crown submits that on the evidence you can and will be sure that Rosemary Pauline West is guilty of murder in relation to each girl."

The case continues today.

IN BRIEF

Baby's life support switched off

A two-week-old baby died yesterday when doctors switched off the ventilator that had been keeping her alive after she was injured in a car crash.

Shannon Wilson was injured on Friday in a car crash at Balmacra, Highlands, which killed her mother, Rachel, 23, her brother Sandy, 29, who was being treated for severe shock in hospital on Skye, where the family lived, was flown to Yorkhill Hospital in Glasgow to see Shannon and give his consent for her life-support system to be switched off.

Officer suspended

A senior Cambridgeshire police officer has been suspended on full pay after criminal allegations were made against him. The officer, believed to be of superintendent rank, was suspended on 28 September. An internal inquiry is being headed by Chief Superintendent Keith Hoddy.

Tengku Razaleigh

On 5 February 1994, the *Independent* published an article headed "Malaysians' corruption covered up" containing a number of statements and innuendos about Tengku Razaleigh Hamzah, the former Minister of Finance of Malaysia. The article quoted a letter purportedly from George Tan, chairman of Carrian, a Hong Kong company, in which he wrote to Tengku Razaleigh Hamzah saying he was making 25 million shares in Carrian available to him.

Our report was based on information which at the time we had no reason to doubt. We now accept that Tengku Razaleigh does not know George Tan and had never been offered 25 million shares in Carrian. We are now satisfied that the allegations of corruption, in so far as they reflected upon Tengku Razaleigh, are unfounded and that he is a highly respected senior politician in Malaysia.

If any reader may have drawn the impression from our article that it was intended to suggest that Tengku Razaleigh was connected, either directly or indirectly, with the death of Jali Ibrahim, a bank auditor who had made inquiries into the ownership of the shares, this is very much regretted and was not intended.

We apologise unreservedly to Tengku Razaleigh for any distress or embarrassment caused by our article.

The settlement of Tengku Razaleigh's action against the *Independent* was the subject of a statement in the High Court yesterday in which we agreed to pay him a substantial sum by way of compensation and his costs.

Tunnel smuggling

In the first case of its kind, a couple were fined £400 each after for smuggling a dog through the Channel tunnel. Graydon Dunn, 29, and his wife, Tamar, 20, of Camden, north London, pleaded guilty at Horseferry Road magistrates' court to bringing the dog from Israel into Britain on a Eurostar train.

Clowes parole fight

Peter Clowes, 52, jailed for 10 years in February 1992 for stealing £16m from investors, won the first round in his attempt to get parole when the Court of Appeal overturned a High Court judge's refusal to let him challenge the Parole Board's decision not to recommend parole when it becomes due next year.

Eagle eyes

About 50,000 people in the UK took part in World Birdwatch 95 at the weekend, recording 200 species, including golden eagles.

THE INDEPENDENT ABROAD

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BACK ISSUES

Back issues of the *Independent* are available from Historic Newspapers, telephone 0888 402 456.

He represented all that was best in his generation ... everyone trusted him

MARY BRAID

Lord Home of the Hirsel – better known as Sir Alec Douglas-Home – the only Prime Minister this century to be drawn from the House of Lords, died yesterday at his estate in the Borders aged 92.

Although widely credited as one of the best post-war Foreign Secretaries, Lord Home's year-long premiership, which began in October 1963, was characterised by its brevity.

The real significance of his term as prime minister was the watershed it provided between the patrician rule of the old-style grouse-moor Tories and the emergence of their modern successors.

A minute's silence will be observed today at the opening of the Conservative Party conference in Blackpool. Yesterday, cross-party tributes piled up for a man whose long career included a spell as parliamentary private secretary to Neville Chamberlain when he made his notorious 1938 "peace in our time" forecast, and who was the last Tory leader to emerge from the party's secret "magic circle" selection process.

The appointment of an "aristocrat" was criticised by Labour and the Liberals. But contrary to forecasts, the gaunt, genteel, old-fashioned Home – who subsequently admitted using matchsticks to work out economic policy – almost held on to power in the 1964 election despite the popular appeal of Labour leader Harold Wilson and Tory disarray in the wake of the Profumo scandal. Labour sneaked in with an overall majority of four seats.

Lord Hailsham, one of the then Tory leadership contenders, confirmed that Lord Home was "reluctant" to be Prime Minister after the resignation of Harold Macmillan.

John Major said Home was "underestimated" and added: "He was always conscious of the obligations his position placed upon him, which showed through in a genuine concern for the welfare of the whole nation."

Lord Home's health deteriorated markedly in 1990, after the death of Elizabeth, his wife of 52 years.

The Prime Minister's tribute was echoed by Sir David Steel, the former Liberal leader. "Alec Douglas-Home was the last of the gentlemen politicians who had no other motivation than public service," said Sir David.

Lord Home's magnanimity and absence of cut-throat ambition – shown in his gracious acceptance of the post of Foreign Secretary under Edward Heath, his successor when the Tories regained power in the early 1970s.

Sir Edward said yesterday that Lord Home had never had enough credit for almost winning the 1964 election but that he would be better remembered for his work in foreign affairs. "He made his mark as Secretary of State for the Commonwealth and then as Foreign Secretary and he was completely trusted by everyone with whom he was dealing, and that is of the greatest importance."

Lord Callaghan, the former Labour premier, said Lord Home was "a very modest man, with little patience for the sort of hype and soundbite style of

today's politics". Labour leader Tony Blair said: "The whole country will be saddened at the loss of a man who served Britain for so long. He loved his country and was a man of great

integrity and great compassion." Baroness Thatcher, who once described the elder statesman as the "wisest man I have ever met", said: "Integrity shone

out of Alec Douglas-Home. Everyone trusted and admired him... He represented all that was best in his generation."

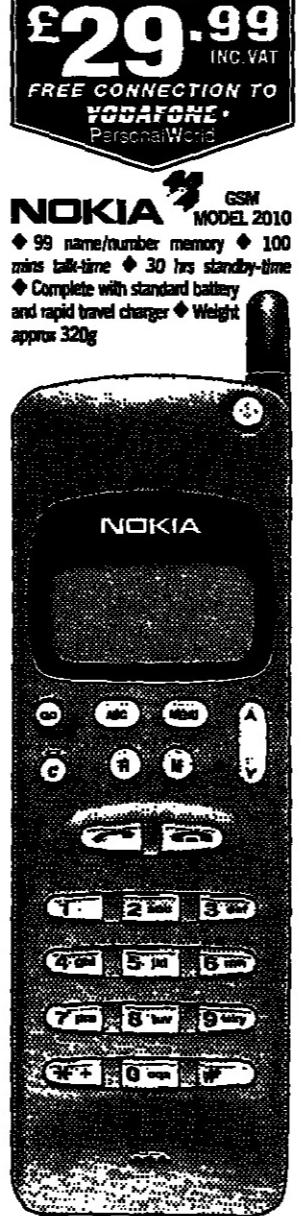
Lord Home gave up six peerages to become prime minister

but finally returned to the Lords after retirement at 71 with a life peerage. Even after his 80th birthday he spoke and voted.

He will also be remembered for his wit. In the early 1940s he

lay in plastercast for two years with tuberculosis of the spine. Afterwards, he joked: "The doctors have done the impossible – put backbone into a politician."

Obituaries, page 10



Lord Home: a politician noted for his magnanimity and lack of cut-throat ambition

Photograph: Stan Hunter

Sinn Fein says it wants talks without threats

DAVID MCKITTRICK
Ireland Correspondent

Sinn Fein president Gerry Adams yesterday spoke out against the use of threats in the Irish peace process, professing his party's commitment to democracy, the accommodation of diversity, and national reconciliation.

Mr Adams' comments were part of a detailed laying-out of the republican position, and he was intent on answering the charge, made by the British Government and by Unionist sources, that allowing Sinn Fein into talks before the IRA made a decommissioning gesture would be tantamount to negotiating with an IRA gun at their heads. He said: "The achievement of peace must involve a permanent end to all violence. Threats... are certainly no part of any talks process in which we will engage."

His remarks were welcomed by nationalist sources, but the British Government remains insistent that inter-party talks can only begin when decommissioning is completed.

The ITA companies have promised a formal letter of "explanation" to the Independent Television Commission in the row over the rescheduling of *News at Ten* next Monday.

Roger Loughton, chairman of ITA's Broadcast Board, promised to explain the circumstances of the controversial plan to delay the evening bulletin by 15 minutes to make way for an extended episode of the hit series *Cracker*, starring Robbie Coltrane.

ITV still hopes to make the change, saying yesterday the proposal had "nothing to do with a campaign to move *News at Ten* permanently."

In the past delays to news

have been due to extended live sports transmissions, party political broadcasts or breaking current events. Last year, a two-and-a-half-hour documentary on Prince Charles delayed the news until 10.30pm. But in that instance, the ITA's prior approval was sought and granted. If ITV goes ahead without permission, the ITA "will consider what action it might take in respect of all the channel's weekday regional licences," a spokesman warned.

The ITA commissioners were said to be "livid" about the restructuring proposal, first revealed in newspaper reports over the weekend. "Having the [ITA] board members reading about this over their cornflakes is not a way to get them on your side," the spokesman said.

Adding to ITV's discomfort, the television listings published yesterday already showed the scheduling change and another listings publication is expected to come out today, also indicating the delayed start to *News at Ten*.

It was clear to the ITA that the ITV Network Centre had been planning to make the change for some time, and that the failure to notify the commission was an issue it takes "very seriously".

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BT memo reveals its phones are not secure

CHARLES ARTHUR
Technology Correspondent

British Telecom has sold thousands of business telephone systems which have serious security flaws that let phone hackers make hundreds of thousands of pounds worth of free calls.

The total cost to British businesses of such hacking, which is used to make calls across the world, is now thought to run to millions of pounds annually.

One phone hacker has told the *Independent* that the Merid-

ian switchboard, sold by BT since 1991 to more than 5,000 businesses throughout the UK, is riddled with security loopholes in its voicemail and call diversion facilities. "It's like a car manufacturer selling a model which has no locks and just a switch for the ignition," he said.

But BT has been aware since at least January of such dangers, according to an internal document issued to managers within BT and seen by the *Independent*. In it, Geoff Gutridge, who heads an internal BT team, notes that these

types of phone hacking have "already reached epidemic proportions in the USA".

He adds that they "have very serious implications for our customers" but adds "Do not discuss the various means by which fraud can be made – this will only serve to alarm the customer further".

The Meridian switchboard offers voicemail boxes, which are computerised message systems that act like electronic answering machines, and "dial-through" facilities, which let the user of an extension set

the phone to transfer unanswered calls to an external number.

Both only work when a four-digit code is entered. But until last year, Meridian systems were sold with the code set to a default which could be guessed easily. Until six months ago, the models sold gave anyone who worked out the code unlimited access to outside numbers.

Phone hackers call businesses after work hours so that extensions will not be answered. They often call on freephone

lines and use a combination of guesswork and determination to crack the codes of unused extensions.

They then enter the four digit code to set the extension to redirect calls, often to friends in other countries or computer bulletin boards in the United States.

The company unwittingly ends up paying for both the hacker's incoming and outgoing calls, which can last for hours.

Phone hackers often contact each other on voicemail and spread information about com-

panies whose systems can easily be broken into. As a result, some switchboards are host to hackers operating in parallel to the legitimate business, leaving each other messages and dialling in and out with impunity.

BT says that earlier this year it sent out warnings by registered post explaining the risks of telephone hacking to all the owners of such systems. "We are working extremely hard to ensure that all our customers who are vulnerable have taken action against it," said BT.

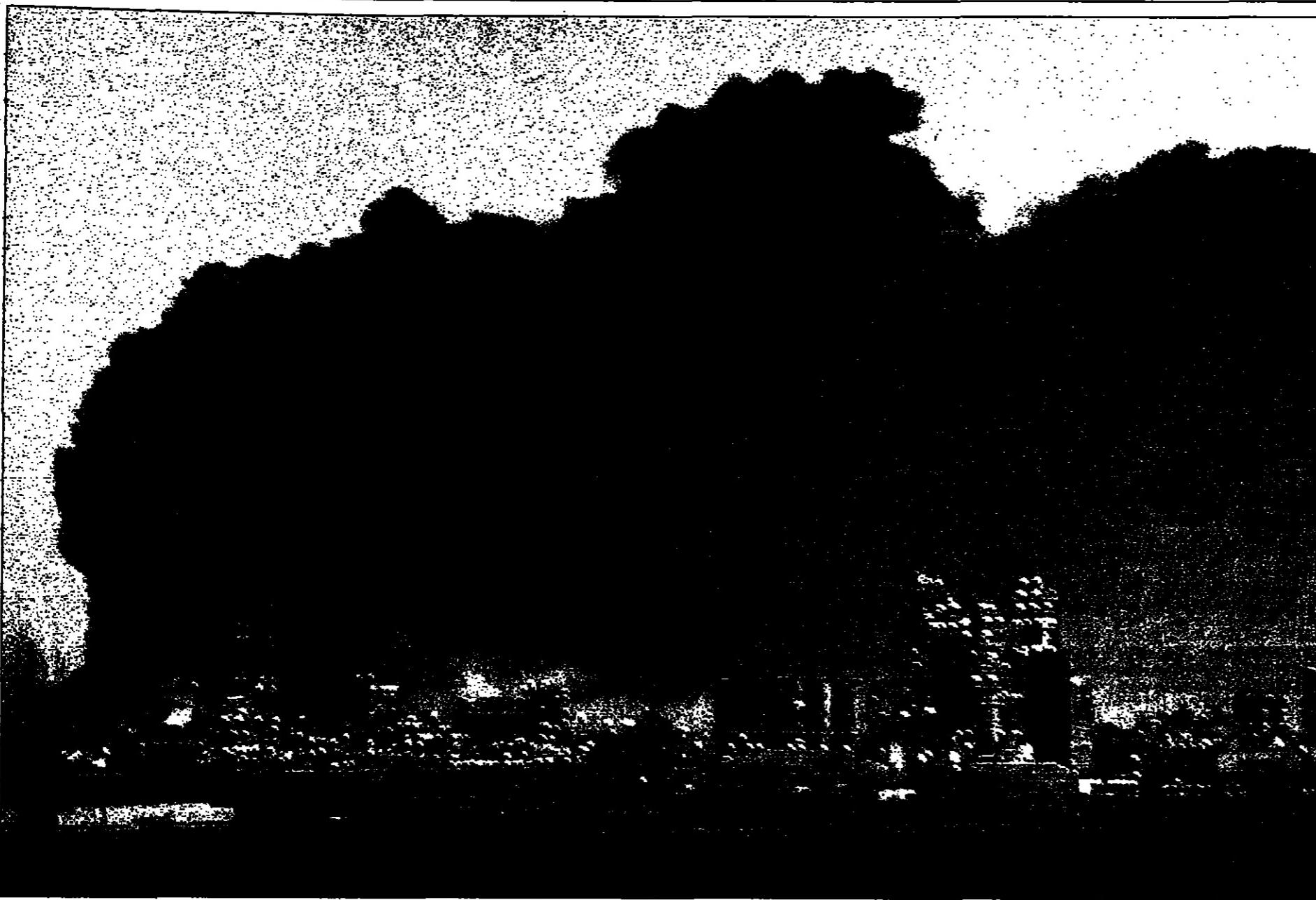
However, the document is signed by Mr Gutridge says, "It is essential that no commitment is given to any customer with respect to cost reimbursement and no admission of BT liability is made until we have established the full facts of individual cases."

One phone hacker told the *Independent*: "In many cases the owners of these systems have no idea that these flaws exist – otherwise they would do something about it."

Michael Persky, marketing director of the voicemail compa-

ny Octel, estimates that the level of fraud through phone hacking is now "a multi-million pound problem" and adds: "The level of publicity associated with the Internet and hacking has raised the level of awareness of people that systems can be hacked, so more people are trying it."

The Meridian system is made by Northern Telecom of Canada. Peter Fintel, the UK product manager, said: "We only know of four cases of hacking in the UK." He said it was up to BT to explain to customers.



Firewatch: Vast clouds of thick black smoke emerged from ICI's Wilton complex near Redcar, Cleveland, yesterday as a huge blaze gripped the chemical plant. It took 180 firefighters nearly 11 hours to quench the flames. Residents were warned to stay at home and close their windows because of the smoke. The cause of the fire was not known

Gay council worker wins compensation over sacking

A security worker who claimed he was sacked by a London local authority because he was gay, celebrated last night after winning compensation from the council.

David Morgan, 36, a former security supervisor at a block of council flats, said he was a victim of anti-homosexual discrimination when he worked for Labour-controlled Haringey Council.

Mr Morgan, from Ilford, Essex, who has lost his home and car in the course of his three-year fight against the council, claimed he was wrongfully dismissed from his £15,000-a-year job because colleagues told him they did not wish to work with gay people who were HIV-positive.

He started working for Haringey in January 1992 as senior concierge and security su-

pervisor at a housing block on a small estate in Wood Green, north London. He quickly clashed with another concierge, who became abusive when he found out Mr Morgan was gay.

Mr Morgan invoked the council's disciplinary procedure to have the man suspended, and the colleague was disciplined for gross misconduct. But days after this judgement was served, Morgan himself was sacked.

Haringey said he was incompetent. It was alleged he needed too much supervision, he failed to act on instruction and he had developed poor working relationships with other members of staff.

Because he had only worked for the council for six months, 18 months short of the statutory minimum period required to claim unfair dismissal at an industrial tribunal, he was forced

to take his case before a court. In his fight with the local authority, Mr Morgan, who now keeps his home address secret, argued that competence was not the issue and pointed to a string of irregularities in his case. Not least among these, he argues, were vague allegations that he had been "inappropriately overt" about his sexuality.

Yesterday, after accepting the money, paid into Central London County Court by the council, which still denies liability, he added: "I feel that I have had a moral victory and I feel the council has admitted it is guilty."

"I hope it encourages other people to the same thing. It has taken three years but it was worth it because maybe it will stop other unscrupulous employers from discriminating against gay people. It is still not

illegal to discriminate against people on the grounds that they are gay.

"I just hope that Haringey Council has an investigation into the whole affair. It has cost the council about £40,000 to fight this case against me. I won't see a penny of the £2,100 it paid into court because it will all be taken up with legal fees."

He added that, as a Labour Party member he would like to see an investigation at national level into discrimination against gays by Labour councils. "It makes my blood boil when I see Tony Blair stand up at conference and say he won't tolerate discrimination. I'd like to see him turn to the leader of Haringey Council, Toby Harris, and say 'I want an investigation.'

"I'm happy, but still unemployed."

Sting 'said yes to tax cash loan'

The rock superstar Sting's former accountant insisted yesterday that he had never invested any of the wealthy performer's millions for his "own interests".

Keith Moore, 51, is accused of stealing £6m from the former lead singer of the Police. The Crown has alleged that the cash was ploughed into a series of largely unsuccessful ventures including an international chain of Indian restaurants, and the conversion of Russian military aircraft into passenger carrying "super jumbos".

Questioned by his counsel, Nicholas Furnell QC, Mr Moore told the jury at Southwark Crown Court, London, that it was his philosophy to encourage artists in a "hands-on" approach to business, but Sting had, he said, a "short attention span". He added: "The responsibility fell upon me for everything. Anonymity was of concern to Sting. He did not like the idea of pressure by people on him personally."

Moore said the performer did not like publicity attached to his investments.

"Artists of his stature want to



Caption - locked to grid
Photograph:

could recoup some \$10m from his record company, A&M Records, as a result of underpayment of royalties in previous years.

"His response was that if that is right there was a 'big fee for your part,' said Mr Moore. "I took that opportunity... to tell him that I was in extreme difficulties with the Inland Revenue and asked for an advance against the fee."

He quoted Sting as saying that that was probably "OK" and that Mr Moore should write to him.

The accountant said he faxed a letter to Sting's Californian home in Malibu, and shortly afterwards had faxed back to him a signed letter of authority allowing the sum to be drawn on one of the singer's accounts with bankers Coutts and Co.

Sting has told the court he believed the letter of authority was related to his own affairs.

Mr Moore, of Fulham, south-west London, denies 15 sample charges of theft from Sting between August 1988 and July 1992.

The trial was adjourned until today.

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NOTES IN BLACKPOOL

Lilley sets agenda to lift party spirit

COLIN BROWN
Chief Political Correspondent

Fresh curbs on welfare "scroungers" are to be announced by Peter Lilley, confirming the worst fears of Alan Howarth, the former minister who defected to Labour, that the Tories are adopting an uncompromising Thatcherite agenda for the general election.

The Secretary of State for Social Security is expected to announce plans for stopping asylum seekers getting automatic access to welfare benefits as part of measures to cut alleged fraud costing £6bn. He could emerge as one of the key right-wing speakers to lift the morale of the Tory rank-and-file at the party conference. There will be a Thatcherite edge to the announcements being prepared for the Blackpool conference.

Sir George Young, Secretary of State for Transport, will tomorrow announce that the privatisation of Railtrack is to be accelerated next year to produce an estimated £1.5bn in time for the pre-election Budget. The privatisation of Nuclear Electric - stalled by Michael Heseltine, former President of the Board of Trade, because of the cost of decommissioning - is expected to be the go-ahead for next year, to demonstrate that the Government has not lost its zeal for privatisation.

Downing Street has ordered each Cabinet minister with a platform speech to come up with two ideas for the conference. They have planned a string of announcements to restore the impression that the Government is back on track with a clear agenda, following the criticism by Alan Howarth

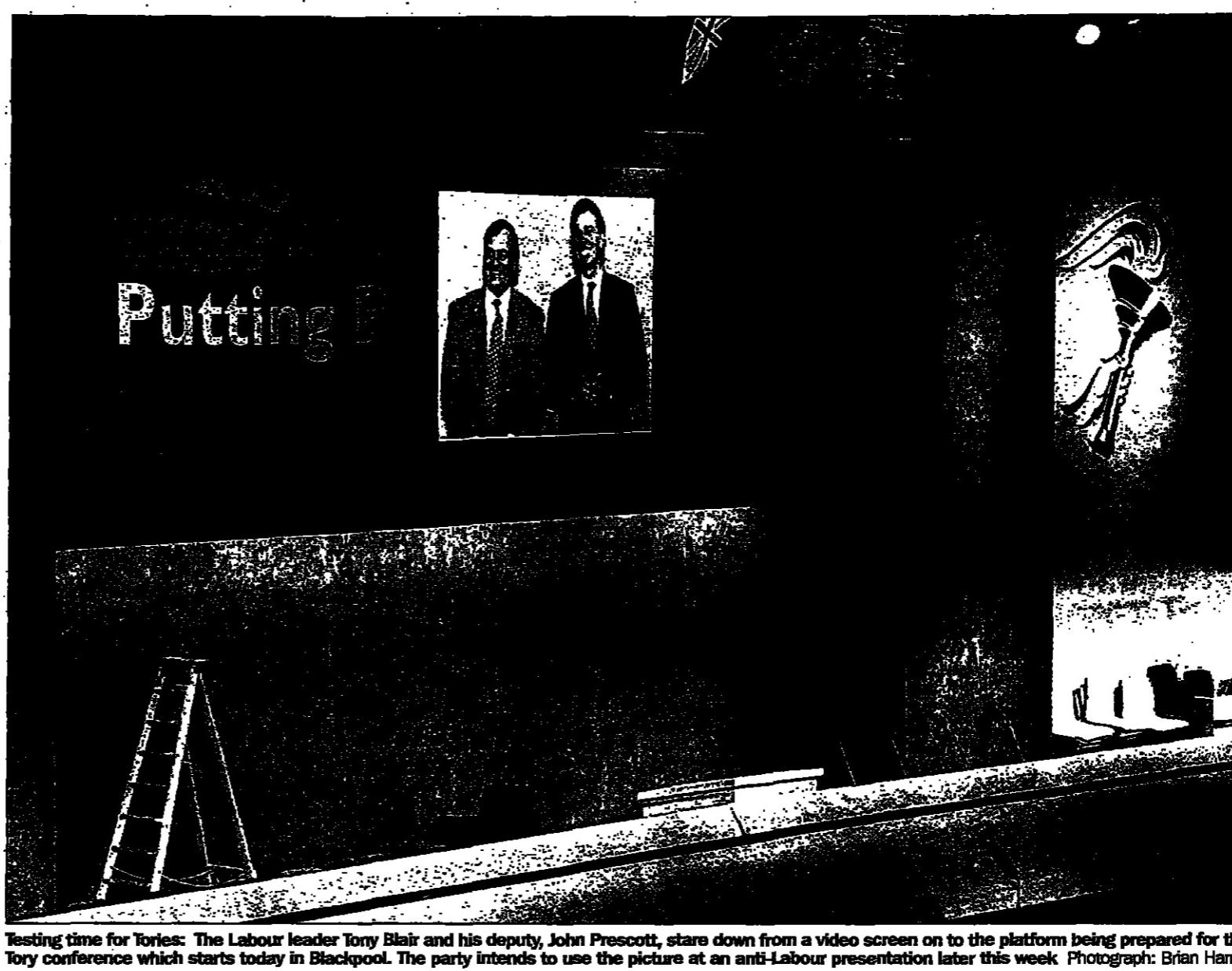
that it was suffering from "a kind of listlessness".

On Thursday, Michael Howard, the Home Secretary, will announce the go-ahead for a voluntary identity card scheme, having resisted grassroots pressure to make it compulsory. He will also announce that courts will be expected to hand out longer sentences for burglary to persistent offenders. The police, social services and schools will be urged to co-operate to identify young offenders, with the onus on parents to enforce more discipline.

Virginia Bottomley, Secretary of State for National Heritage, will today attack Tony Blair's plans to end the six-year National Lottery contract for Camelot. She will announce lottery funds will be used to give school children free access to museums and art galleries.

A transatlantic free trade zone, linking North America and Europe, will be used by Malcolm Rifkind, the Foreign Secretary, to defuse the smouldering dispute in Tory ranks over monetary and economic union in Europe. Many Eurosceptics will welcome the high priority he will attach to the free trade zone in his speech today. They see it as a balancing factor against the pressure to form a core group a single currency by Germany and France.

Brian Mawhinney, the party chairman, has transformed the campaign platform with three huge video screens, to give the conference a hi-tech look. He has also dropped the Purcell adaptation by Andrew Lloyd Webber, which was used at the 1992 general election, in favour of the theme tune from the film, *An Officer and a Gentleman*.



Testing time for Tories: The Labour leader Tony Blair and his deputy, John Prescott, stare down from a video screen on to the platform being prepared for the Tory conference which starts today in Blackpool. The party intends to use the picture at an anti-Labour presentation later this week. Photograph: Brian Harris

Tory spin doctors to face challenge of 'rebuttal unit'

DONALD MACINTYRE
and **PATRICIA WYNNE DAVIES**

A five-strong hit team of Labour officials, including Matthew Taylor, head of the party's "Rebuttal Unit", is in Blackpool this week to mount the most high-profile propaganda offensive during a Tory conference.

The team of spin doctors and campaign specialists has been installed in the Sun Lounge of Blackpool's Savoy Hotel with the aim of defending Labour against the constant ministerial

attacks to which it will be subjected this week.

The team, which also includes an experienced press officer from John Smith House, Adrian McMenamin, is being backed up by campaign staff and other members of the Rebuttal Unit in London as well as Alan Barnard, who is responsible for a series of initiatives including leafletting Tory representatives as they enter the Winter Gardens.

David Hill, the party's chief press spokesman, said the team was in Blackpool to "rebut lies, expose divisions, [and] reveal what is the real agenda of the conference".

Labour's media presence is considerably more visible than that of the Conservatives' last week which, except for contact with favoured newspapers, relied largely on a stream of fax to correspondents in Brighton from Central Office.

The term "rebuttal" is borrowed from that used by strategists in Bill Clinton's US Presidential campaign to describe instant reaction to all claims about the Democrats

by the Republicans. The term was used in the notorious leaked memo drafted in May by Philip Gould, the party's leading political consultant.

But there has also been an element of two-way transatlantic traffic in the growing rebuttal industry. Mr Hill was consulted by Democratic Party strategists about his success in the run-up to the 1992 British general election in "spoiling" a *Sunday Times* "sneak" story that Neil Kinnock was named in KGB files as having met Soviet officials in London. Mr Hill called

a Friday evening press conference to get his retaliation first in morning newspapers on the Saturday.

The Labour team will be staying in the Sky Hotel - a rather more modest establishment than the Savoy - on Blackpool's South Shore but are working long hours in the Savoy where a number of Tory delegates will be staying.

"We certainly haven't encountered any problems yet," said Mr McMenamin. But he admitted: "I don't think most people know we're here yet."

Mr McMenamin added that the less successful the Tory party conference was, the less their services would be in demand. "We're quite relaxed about that," he added.

Meanwhile Brian Mawhinney, the party chairman, was seen at the Winter Gardens yesterday in earnest conversation with Sir David English, chairman of Associated Newspapers, who wrote in a *Spectator* article last week that it was "not impossible" that the company's newspapers could support Tony Blair in the next election.

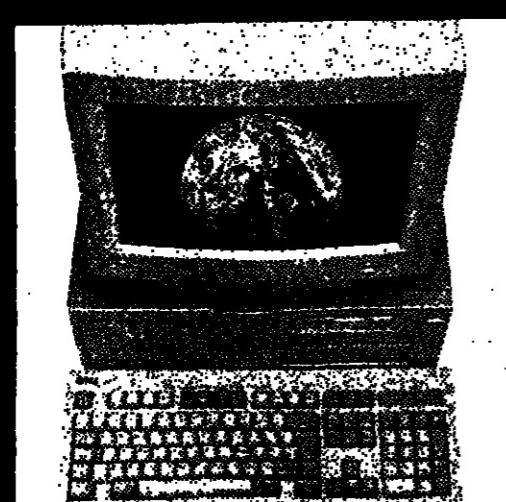


Dave Hill: In Blackpool to rebut lies and expose divisions"

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Town

Labour to get £7,500 sweetener from sugar firm

DONALD MACINTYRE
Political Editor

The board of Tate and Lyle, the sugar giant, has decided to make a donation to the Labour Party for the first time in its history. The company, traditionally a significant backer of the Tory party and a fierce corporate campaigner against nationalisation, has divided its political contributions among all three main parties.

The company confirmed leaks in Blackpool yesterday that it had reduced its normal annual £25,000 donation to the Conservatives to £15,000 and decided to give £7,500 to Labour and £2,500 to the Liberal Democrats.

Tate and Lyle - which doubled to £50,000 its annual donation to the Tories in the run up to the last general election - said that the board took a strong view that there should be state funding of political parties.

However, Simon Gifford, the company secretary, said yesterday that the board had recognised that in the absence of state funding it had a responsibility to help political parties.

It had taken into consideration the performance of the Government, "the changing stance of the Opposition and the role of the Liberal Democrats and decided this year to support all three," he said.

Mr Gifford said that the replacement of Clause IV - and the ditching of Labour's historic adherence to state control - had been one consideration in judging how far the Labour Party had changed.

Although the company has made modest donations in the past to the third party - it made one to the Social Democrats in the early 1980s - it has never before given to Labour.

The £7,500 donation is one of the first made by a large company to Labour. The only other one so far known was by the publishing and media conglomerate Pearson, which divided its donations up between the three main parties and gave Labour £25,000.

news

Boarding school parents 'suffer as children have fun'

JUDITH JUDD
Education Editor

Many children enjoy boarding school but their parents suffer agonies of doubt and guilt, according to a survey published yesterday.

The poll of 5,000 parents with children at private and state boarding schools shows homesickness is just as traumatic for them as for their children.

The survey, by the Independent Schools Information Service, is part of a campaign to reverse the decline in the number of boarding pupils, down by a sixth since 1990. Average boarding fees are now more than £10,000 a year.

The report says its findings "lay to rest the notion that boarding parents are uncaring egotists who cannot wait to hand over responsibility for their children to others".

For many parents, it says, "successful results of boarding have been bought at some cost – not just financial but emotional and, for many, a kind of

anxiety somewhere between doubt and guilt".

One parent said that, during the first term, her daughter was desperately homesick.

"We all found this an extremely difficult time," she said. "Despite her pleading to be removed, we persevered."

Two weeks into the second term, the problem was happily resolved by negotiating a new weekly boarding arrangement.

One in three parents believes that their relationship with their child improves because of boarding while only 7 per cent feel it deteriorates. Four out of ten are first-time buyers of boarding education, with neither parent having had any personal experience of boarding.

Most parents have to justify their decision to use a boarding school to other parents, particularly the parents of those who are ten or younger. One in five children starts boarding before they are nine.

Parents choose boarding because they believe it makes

their children more mature and independent. They are more interested in the many extra-curricular activities on offer than in a particular school's academic reputation.

Six out of ten choose boarding after considering local day schools and around a fifth of parents opt for them because they live overseas or serve in the armed forces.

Overall, only a quarter of parents are concerned about whether a school is co-educational or single-sex though it is important for 59 per cent of parents in girls' schools.

The weekly letter home is apparently a thing of the past.

Nearly half of boarders never write to their parents but almost all telephone home several times a term. Nearly a quarter telephone several times each week.

Parents gave a variety of reasons why their children enjoyed boarding. One parent of three brothers at preparatory school said: "The boys think it's cool to board."



Big wheel: Zdenek Mesicek demonstrates his Czech company's penny-farthing in Shepperton, south-west London

Photograph: Sacha Lila

SUSAN DROPPED THE LOT WHEN SHE HEARD THE NEWS...



Susan enjoyed a glass of wine after a hard day at the office. She was a Nationwide borrower and had been thinking about moving house when she heard the news. "Nationwide have lowered their standard variable rate to 7.95% APR 8.3% (variable) and are rewarding their existing customers with a special preferential discount rate" came a voice from

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APR
(variable)

String quoted are based on endowment mortgages. Above example assumes existing borrowing rates a variable rate of 2.45% after a 5.50% discount off our standard variable interest rate of 7.95% APR 8.3% (variable). A couple (male and female), non-smokers, aged 25, applying for a £50,000 endowment mortgage over 25 years on a purchase price of £15,000 (example assumes a deposit of 40%). Monthly payment £195.16 net of IGRAS at 15%. APR 2.5% (variable). APRs are based on 1 year discounts applying for the term of the mortgage. In practice, after the discount rate period, the premium £75, (variable). Payments must be made by Direct Debit or Standing Order. Available to over 18s only. For loans exceeding 75% an additional charge will be made. Nationwide Building Society is an Approved Representative of Guardian Financial Services marketing group (members of which are Members of Lauros and DMSO) only for the purpose of advising on and selling life assurance, pensions, unit trust and personal equity plan products bearing Guardian Financial Services' name. Nationwide telephone customer service advisers are brokers for Guardian Financial Services. Please note for certain legal, regulatory and consumer service requirements your call will be recorded. Written quotations are available from Nationwide Building Society, Nationwide House, Pipers Way, Swindon SN3 1NW. Nationwide is a member of the Building Societies Compensation Scheme, and subscriber to the Code of Banking Practice.

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her transistor radio. Oh my..." Susan cried "...that means when I move home I'll save up to £236 a month, get a £500 cashback and a free valuation." Susan cleared up the spillage and poured herself some fine Champagne – this was definitely a day to remember. She'd visit a Nationwide branch tomorrow or call free on 0800 30 20 10, quoting ref. PU74.

Military's ban on gays 'has no basis in law'

STEPHEN WARD
Legal Affairs Correspondent

Britain's policy of banning all gays from the armed forces is impossible to justify in English law, the Court of Appeal was told yesterday.

David Pannick QC quoted a letter from a former Lt Cdr in the Royal Navy who had described his sexuality as "no more relevant than whether I eat fish on Fridays".

Mr Pannick was arguing the case of four dismissed servicemen and women who are fighting to overturn the policy which leaves Britain virtually isolated in the Western world. They say the policy also breaches the European Convention on Human Rights and European Union equal opportunities legislation.

In June two High Court judges ruled against the four, but Lord Justice Simon Brown, said the tide of history was against the ban and Mr Justice Curtis said it was not based on evidence. Since then the Government has announced a review to report by January, but defence chiefs have made it clear they support the ban.

This week's appeal hearing has been adjourned until after the Ministry of Defence had blocked an application to allow the case to go directly to the Lords. It is being heard before the top civil court judge, the Master of the Rolls, Sir Thomas Bingham, and two other appeal court judges.

Mr Pannick said that the ban on gays was irrational in terms of law. He said there was no discretion to overlook homosexuality. Gays were forced to leave even if they were not indulging in sexual activity. They were forced out even if they kept their sexual behaviour completely off the military base. They had to leave however distinguished their military record.

"British forces personnel serve alongside gays from other countries without, on the evidence, any problems," he said.

"If a man has a stable relationship with a civilian and lives away from the military base, he will be discharged. Yet he can have an affair with a fellow serviceman's wife and not be discharged."

The four appealing are former Lt Cdr Duncan Lustig-Pratt, 36; Graeme Grady, 32, a former RAF sergeant; John Beckett, 25, a former navy weapons engineer and Jeanette Smith, 29, a former RAF nurse. The case continues today.

Firefighters vote for 24-hour strike action

BARRIE CLEMENT
Labour Editor

Nine out of 10 Merseyside firefighters have voted to step up their seven-week campaign of industrial action in protest at compulsory job losses.

In a turnout of more than 80 per cent, members of the Fire Brigades Union voted by 1,160 to 127 to lengthen strikes from nine to 24 hours in a dispute which is considered to have strong nationwide implications.

A confidential letter from the Home Office has warned that the Army's "Green Goddess" appliances, which have been used during the stoppages, may be not able to cope with the longer walkouts, but management argues that the prediction

was based on a "misunderstanding". The first day-long strike is scheduled to begin at 9am on Wednesday next week.

Ken Cameron, general secretary of the FBU, described the vote as "overwhelming" and said it showed the increased determination of his members to fight cutbacks which mean 20 redundancies and the loss of three days' annual leave a year.

Both Whitehall officials and union officers agreed yesterday that other fire authorities throughout Britain may take a similarly tough line over cutbacks if Merseyside management prevails in the dispute.

Mr Cameron said the fire authority should now re-examine alternative proposals to save the required £700,000.

DAILY POEM

Ivy

By David Gascoyne

The ivy invading my window-sill
needs perennial cutting-back.
An ivy-leaf fluttering in the wind
reminds me of inhuman nature's
obstinate beauty
A patch of pale blue behind it
portrays a persistent faint yearning
while the cloud crossing it
grey as boredom
is yet tinged with a flush
of residual hope.

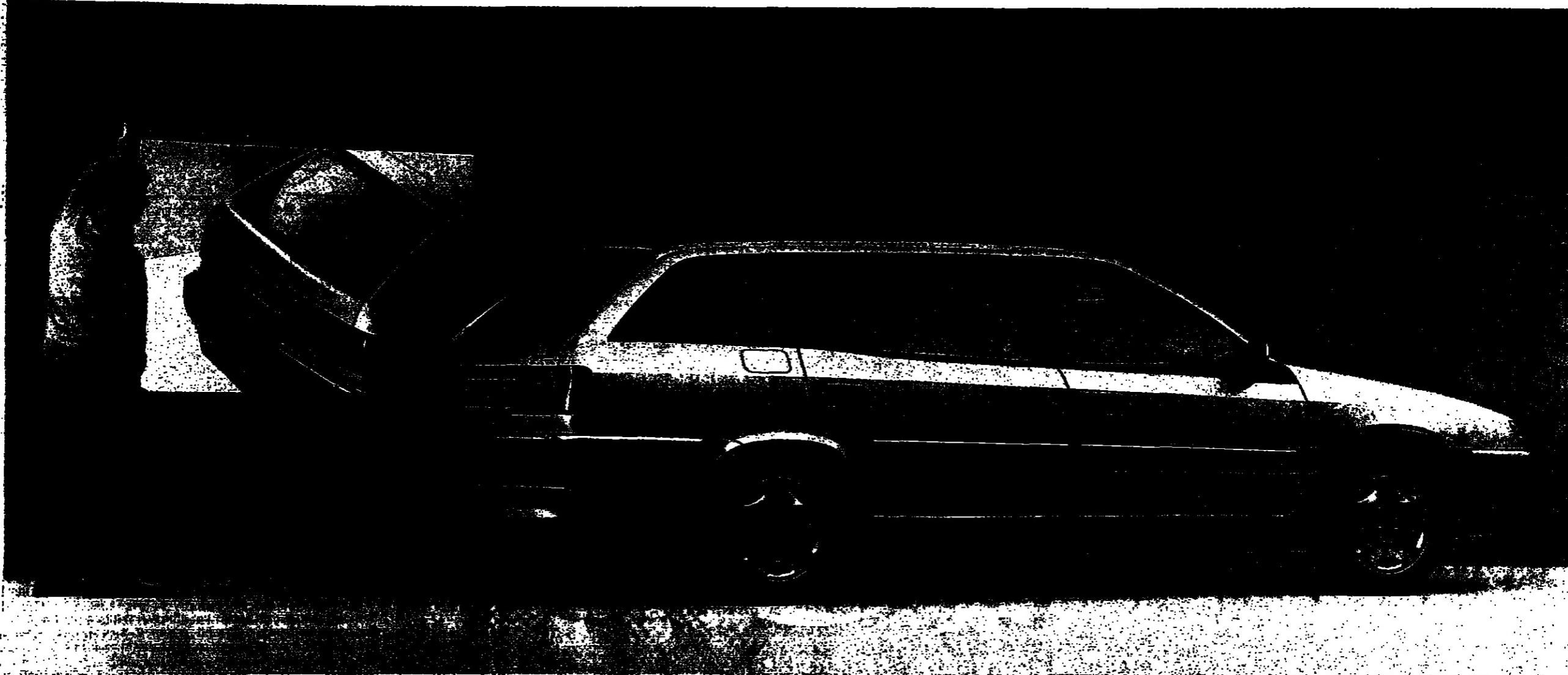
David Gascoyne was born in 1916 in Harrow. His first collection of poems, *Roman Balcony*, was published when he was still at school and by the age of 19 he had produced a semi-autobiographical novel, *Opening Day*, and a short Survey of Surrealism, an account of the Surrealist movement in Paris. Both surrealism and existentialism had a profound effect on his work, producing visionary poems of religious and philosophical intensity which were quite unlike those of his generation. His *Collected Poems* were published in 1988 by OUP.



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news

Fruit fly embryo research team wins Nobel prize

STEVE CONNOR
Science Correspondent

Fundamental insights into how genes control the growth of an embryo yesterday received the greatest accolade in science - a Nobel prize.

Three scientists who pioneered research into the genetics of embryo development in fruit flies - thereby shedding light on spontaneous abortions and congenital defects in humans - were awarded the Nobel Prize in Physiology or Medicine. Edward Lewis, 77, from the California Institute of Technology; Christiane Nüsslein-Volhard, 52, from the Max Planck Institute for Developmental Biology in Tuebingen, Germany; and Eric F Wieschaus, 48, of Princeton University in the United States, share the £1m prize.

The Nobel Assembly at the Karolinska Institute in Stockholm said the three had discovered "important genetic mechanisms" controlling em-

bryo development in the fruit fly's body segments that also apply to higher organisms, including man.

"Using *Drosophila* [the fruit fly] Nüsslein-Volhard and Wieschaus were able to identify and classify a small number of genes that are of key importance in determining the body plan and the formation of body segments. Lewis investigated how genes could control the further development of individual body segments in specialised organs. He found that the genes were arranged in the same order on the chromosomes as the body segments they controlled."

Eventually they identified 15 different genes which if mutated would cause defects in the development of the embryo. They established that genes controlling development could be systematically identified.

Lewis discovered that the order of genes along a chromosome corresponds to the developmental sequence along the segmented body of the fly - a crucial finding that has since been shown to be mirrored in humans.

News analysis, page 17

Nüsslein-Volhard and Wie-

schaus did their pioneering work while young researchers at the European Molecular Biology Laboratory in Heidelberg.

They developed a systematic method of seeing how different mutations caused corresponding abnormalities in embryo development. "It was a brave decision by two young scientists at the beginning of their scientific careers. Nobody had done anything similar and the chances of success were very uncertain."

Eventually they identified 15 different genes which if mutated would cause defects in the development of the embryo. They established that genes controlling development could be systematically identified.

Lewis discovered that the order of genes along a chromosome corresponds to the developmental sequence along the segmented body of the fly - a crucial finding that has since been shown to be mirrored in humans.

News analysis, page 17

Psychotic sex killer sent to Broadmoor



Samantha Bisset and her daughter Jazmine (left), who were killed by Robert Napper (above left), who was sent to Broadmoor indefinitely yesterday

A serial sex attacker who admitted stabbing to death and mutilating a woman and then suffocating her four-year-old daughter was sent to Broadmoor high-security hospital for an indefinite period yesterday after doctors told the court he was "highly dangerous and posed a grave and immediate risk to the public".

Robert Napper, 29, had pleaded not guilty to the murders of Samantha Bisset, 28, and her daughter Jazmine in November 1993, but guilty to their manslaughter on grounds of diminished responsibility. Napper also admitted a rape and two attempted rapes in the previous year in south-east London. His pleas were accepted by Mr Justice Hooper at the Old Bailey.

Detectives have examined possible links between the Napper case and the murder of Rachel Nickell on Wimbledon Common, south-west London. In a statement Scotland Yard said: "We retain an open mind whether the cases are linked."

The court was told by Nigel Sweeney, for the prosecution, that when Napper got into the Bissets' one-bedroom basement flat in Plumstead, south-east London, he first killed Samantha in the hallway by stabbing her eight times in the neck. Then he sexually assaulted and suffocated Jazmine in her bed.

The warehouser dragged Samantha into the living room where he mutilated her body. Mr Sweeney said.

The judge had ordered an investigation into whether a jury should be asked to decide whether Napper was mentally fit to stand trial. He was told yesterday that all the psychiatrists concerned had agreed that a plea of diminished responsibility was acceptable.

The judge said that to send Napper to hospital without limit of time would enable "this grossly psychotic and ill man to be treated in a condition of maximum security for as long as was deemed necessary".

Physiotherapy 'not a proven treatment'

LIZ HUNT
Health Editor

There is no proof that physiotherapy, one of the most widely prescribed treatments in the health service, actually works.

A Consumers' Association report says there is growing pressure on the 16,000 NHS physiotherapists to evaluate their work in line with demands that only treatments with proven efficacy should be part of a modern health service.

Physiotherapy is increasingly popular for treating everything from terminal diseases, such as motor neurone disease, to minor sports injuries.

However, testing their various treatments is difficult and

previous research has been criticised for failing to eliminate factors which could influence the outcome, such as the expectations patients and practitioners have of the treatment.

In today's issue of *Which? Way to Health*, the Association also criticises some physiotherapists for including complementary therapies as part of their treatment without additional training or qualifications.

A spokesman for the Chartered Society of Physiotherapists said the Society was conscious of the need to show how and why treatments worked. "There are lots of things in healthcare which can't be proven. But we are encouraging members to get involved in research," he said.

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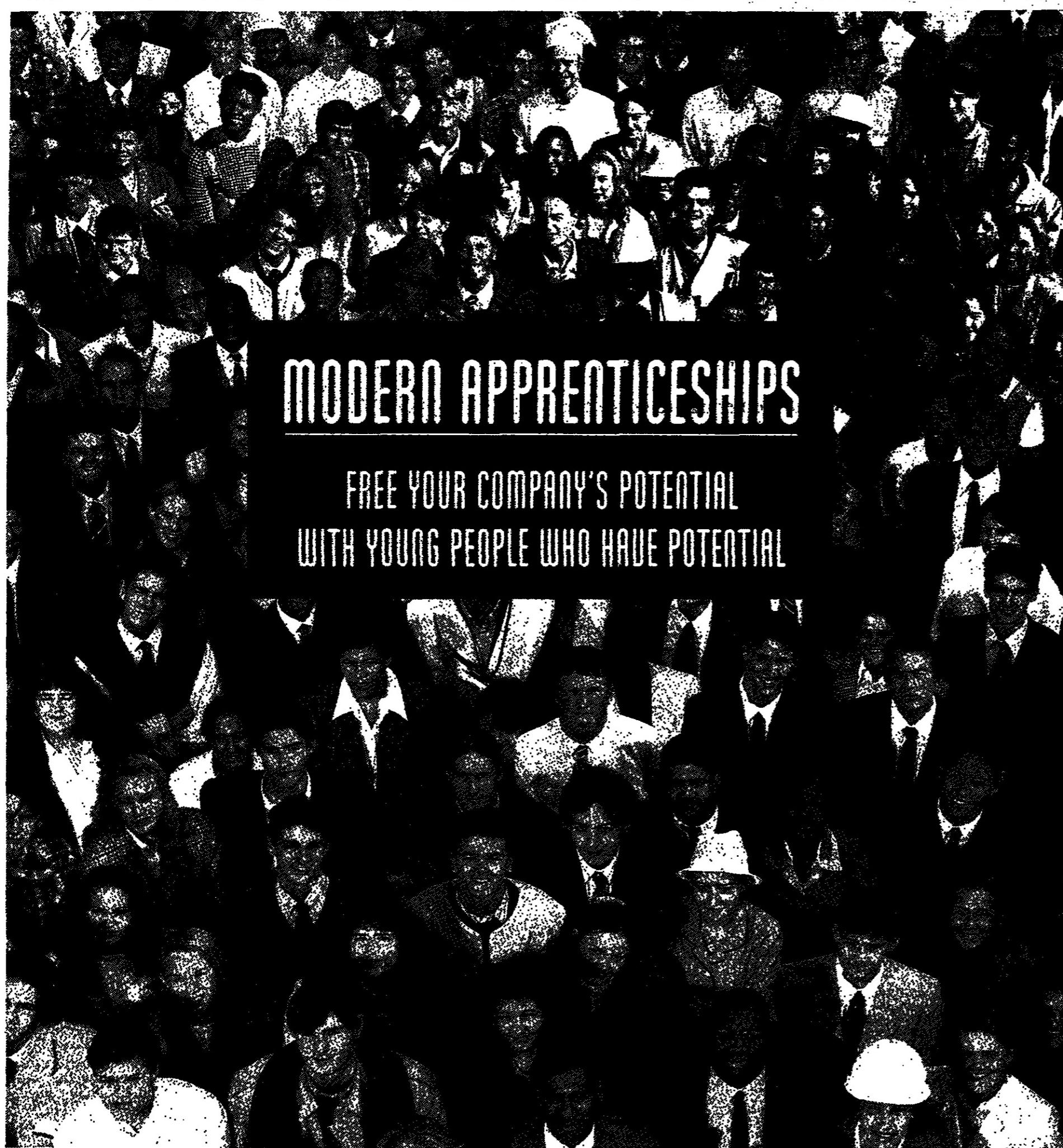
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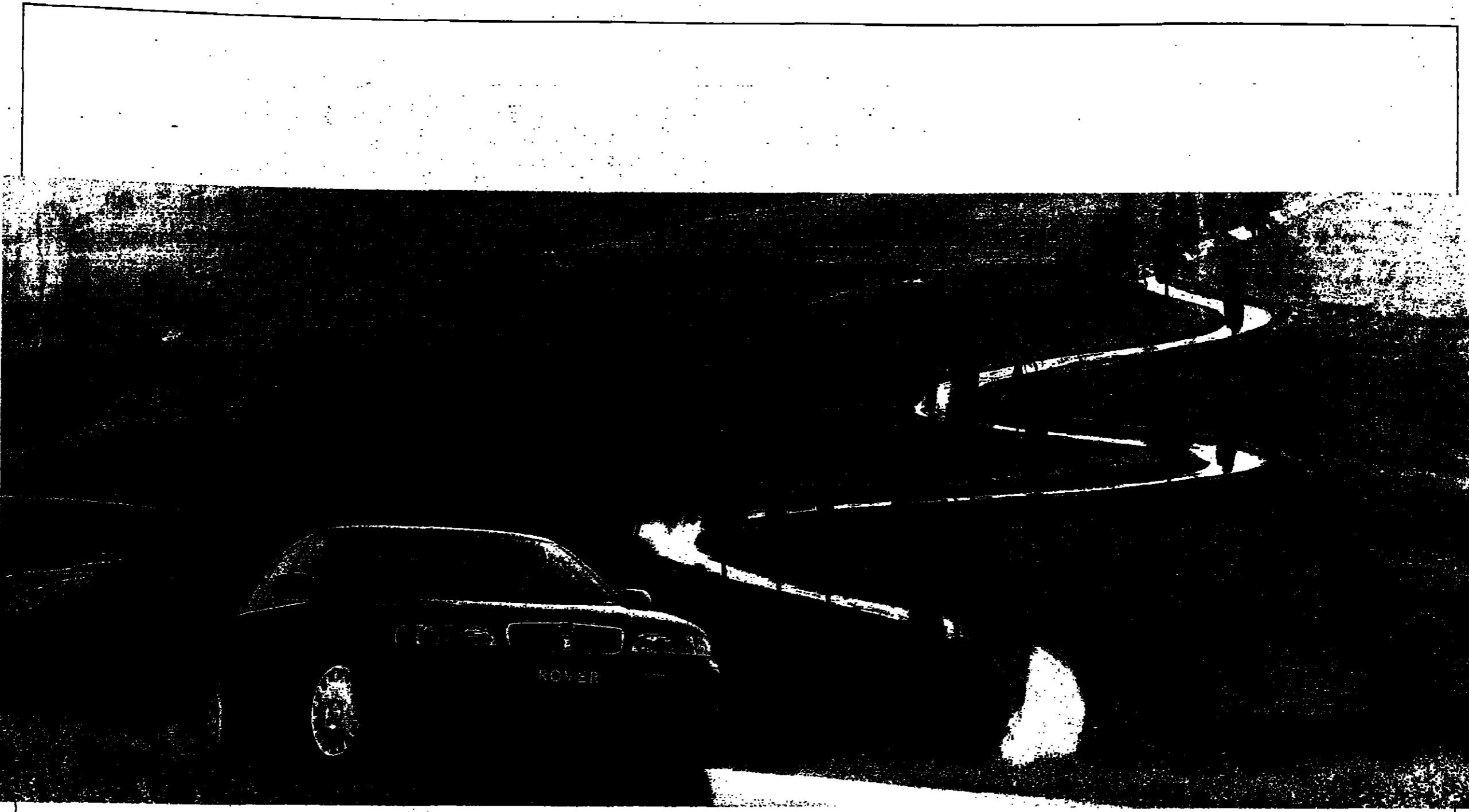
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ABOVE ALL, IT'S A ROVER

obituary

Lord Home of the Hirsel

"If" was Rudyard Kipling's most popular poem; and he came to hate it because of its popularity. It was Harold Wilson's favourite poem and Wilson never tired of quoting it. Two lines of the poem (which famously concludes, "Yours is the Earth and everything that's in it, / And which is more - you'll be a Man, my son") seem to me particularly to apply to Alec Douglas-Home, 14th Earl of Home, briefly - from 1963 to 1964 - Prime Minister and subsequently, as a life peer, Lord Home of the Hirsel. Before his return to the House of Commons (on his appointment as Prime Minister) Home had held various government offices but, most notably, he was Foreign Secretary from 1960 to 1963 and again, from 1970 to 1974.

The Kipling lines preceding the conclusion of the poem, which fit exactly Home's character, are:

If you can meet with Triumph and Disaster
And treat those two impostors just the same.

Alec Home was certainly, in Kipling's meaning, a Man; and he met Triumph and Disaster with an unruffled serenity which was the essence of his nature.

Perhaps the most characteristic event in Home's life came in August 1965. As is now held by all reputable historians, he had become Prime Minister in October 1963 as a result of a brazen piece of trickery (in which Home himself had no part) by his predecessor, Harold Macmillan. (Macmillan was determined, above all else, to deny the succession to R.A. Butler.) The methods employed to outmanoeuvre Butler were such as to give an impetus to moves within the Conservative Party (moves inspired by Humphry Berkeley) to have future leaders chosen by ballot among Tory MPs.

After his narrow defeat by Labour in the general election of 1964, Home set in motion the process by which a system of election would be established. Partly because his national electoral defeat had been so narrow, and partly because of his unforced good nature, Home would have been a certain winner in the party poll of August 1965. To much amazement, he declined to stand, Berkeley being one among the many who urged him to be a candidate. "If they want me," he said. "I will serve. But I won't go begging for it." Thereafter he loyally and effectively served Edward Heath as shadow Foreign Secretary and Foreign Secretary.

Home was born in 1903 into a wealthy landed family, possessed of two great Scottish estates, in Berwickshire and Lanarkshire. As with many aristocratic families - particularly the Border families - the wealth and respectability of the Homes was founded on a somewhat murky (if distant) historical background: family tradition has it that the distinctive pronunciation of the name - "Hume" - came about because the first Earl of Home, in the course of a cattle-rustling raid into England, was ambushed by indignant cattle owners. Striving to rally his troops, the earl roared, "Home, Home", so his men decamped. The pronunciation was changed that night.

Of the four sons of the 13th earl, Alec was the only one to manifest, early in his life, an interest in politics. (His father had none.) William became a playwright, noted for his light comedies, and Henry (father of the late Charles, editor of *The Times*) a reclusive ornithologist. "I think it began," he once told me, "because as a boy I was fascinated by history. But it only really developed when I married Elizabeth." This was in 1936. Elizabeth was the daughter of the formidable historian C.A. Arlington, Home's headmaster at Eton and, at the time of the marriage, Dean of Durham.

However, when he married, Home had been MP for Lanark for five years. His campaigns in one of the toughest of the Scottish seats showed a capacity for taking political flak (he once had to escape potentially violent hecklers by climbing through a rear window and dropping from the first floor to the ground) which, in due course, was to surprise those who fell for Harold Wilson's description of him as effete. He suffered, too, in gaining international sporting distinction, twice having a thumb broken when playing international cricket for MCC. (He was the only prime minister who ever played the game at that level; and his only prime



Servant of the nation: Home as Prime Minister, in Scotland, 1963

Photographs: Hulton Deutsch

ministerial sporting rival was Edward Heath, whom he skippered *Morning Cloud* to victory in the Sydney-Hobart yacht race in 1969.

From very early on Home was a reclusive child of the countryside. His father began to teach him to shoot and fish at the age of six, and these two sports absorbed him for the rest of his life. (He never learnt to ride properly, as he was afflicted with a weak back.) To the despair of his mother, he was intensely shy outside the family circle. He hated the company of other children. "My mother," he told me, "was constantly having children's parties, or packing off to parties at other houses. I found it positively mortifying. I just wanted to spend my time with a book, or out with William and Henry and a rod or a gun."

Eton and Christ Church, Oxford, however, brought out the inherent geniality of Home's temperament. He was never distinguished as a scholar, and left university with a third-class degree of which he said, later in life, rather ruefully, "I'm afraid I spent rather too much time at the wicket." None the less, the vision of an outer world to which Oxford introduced this scion of a somewhat obscure landed family served the Conservative candidate in Lanark in 1931 well. Home brought a larger understanding than was common among Tory candidates in the Scotland of that time to the grim, and sometimes desperate, affairs of a depressed local economy.

His historical reading had brought him to a deep, and later profound, interest in international relations which was wonderfully expressed in his *Letters to a Grandson* (1983). Home could absorb the most complex of political information and, for a speech, distil it with simple lucidity. He was never a great orator - his voice was too light, for one thing - but to the end of his life he had a directness of utterance which had great appeal. Thus, for example, when he was Foreign Secretary in the government headed by Harold Macmillan, he addressed himself to the refusal of the Soviet Union to pay her dues to the United Nations. Mindful of the fact that a speech in Preston would be closely scrutinised in the United States, he took the central slogan of the 18th-century American revolutionaries - "No taxation without representation" - and inverted it. So far as the Soviet Union was concerned, he said that there should be "no representation without taxation". Shortly thereafter the Russians paid up.

Until 1935 Home's understanding of foreign policy was derived entirely from his reading of history. In that year, however, the Prime Minister, Neville Chamberlain, appointed Home his Parliamentary Pri-

vate Secretary, an unpaid dogbody's job which, none-the-less, gave Home a priceless opportunity to see at close hand the inner workings of the most momentous period of international relations in the 20th century. To the end of his days Home maintained that the Munich Agreement of 1938 (he accompanied Chamberlain to his meeting with Hitler at that city) was justified, on the grounds that it gave the United Kingdom time to re-arm. Some historians doubt that any serious effort at rearmament was undertaken. But the record shows that Home, unlike Chamberlain, had no doubts about the malignity of Hitler. Already a major in the Lanarkshire Yeomanry, he intended to serve in the forthcoming war.



Home in 1935: PPS to the Prime Minister, Neville Chamberlain

Misfortune then struck. His back had been giving him increasing trouble. He was diagnosed as tubercular and, in accord with the medical wisdom of the day, consigned to bed. At a stroke, Home was taken away from both work and pleasures. Because of agreement between the parties which formed the coalition government in May 1940 he remained MP for Lanark. By the terms of that agreement the life of Parliament was prolonged for the duration of the war and, in the event of the death of a sitting member, his party would have a free run in a by-election. There was nothing, therefore, to be done in Lanark.

Left without politics, unable to fight, shoot or fish, Home could only lie, or sit, and read. He adopted a reading habit which he kept up until old age:

Scottish Office, where he served for nearly four years, concerning himself mainly with the problems of Scottish agriculture, on which subject he was, of course, already an expert. For most of that time he was in the Lords (he had succeeded as 14th Earl of Home on his father's death in July 1951). In 1955 he became Secretary of State for Commonwealth Relations and in 1957 he added to this post that of Lord President of the Council, with a brief to oversee the merger of the Commonwealth and Foreign Offices. But there was considerable astonishment when Harold Macmillan made him Foreign Secretary in 1960. In opposition ranks there was outrage. The Labour Party believed that the Foreign Secretary, like the Chancellor of the Exchequer, should always sit in the Com-

mmons. They were also convinced that Home would be merely a mouthpiece for the Prime Minister.

But whereas it is the law that the Chancellor should always be in the lower house (because it has sole control over money bills), the position over the Foreign Secretary was merely a convention. ("There would be no bar to a prime minister sitting in the upper house, but it would, of course, be impractical, as Home decided in 1963.) And Labour was soon disabused of the notion that Home would be other than his own man. His knowledge of foreign policy was profound. His utterance was trenchant.

Home and Macmillan were in general agreement on policy, but there were differences of emphasis between them. Home was far less starry-eyed than Macmillan about joining the Common Market. He was content to leave the detailed negotiations to the Lord Privy Seal, Edward Heath. But he kept a sharp eye on progress, argued powerfully in Cabinet against giving too much away and, with a prescience that was beyond Heath and Macmillan, warned his colleagues that President de Gaulle would veto British entry.

De Gaulle's veto was one of many blows struck against the faltering Macmillan government. The economy was in serious difficulty. A series of scandals, mainly connected with Soviet espionage - the Vassal affair, the defection to the Soviet Union of Donald Maclean and Guy Burgess - was followed by the news that John Profumo, the Secretary of State for War, was associated with a prostitute, Christine Keeler, who was friendly with an attaché at the Soviet embassy, and had lied to the House of Commons about the affair. Macmillan was both disillusioned and weary. He developed a prostate problem and, in October 1963, decided to resign. He was determined above all else that R.A. Butler, the obvious candidate, should not succeed him and, there being no system of election for Conservative leaders, was able, by a series of unscrupulous manoeuvres, to procure the succession for Home. (Home played no part in the Macmillan plot - at one time he tried to withdraw from the contest.)

The new prime minister faced formidable problems, not least of which was the refusal of Ian Macleod and Enoch Powell to serve him in Cabinet, both men having been Butler partisans. He had no experience of economic policy. He had little time - a general election had to be held at the latest within a year. He had to find a seat in the House of Commons (recent legislation had enabled him to disclaim his title). And, finally, he was faced by Harold Wilson, the most brilliant Labour leader of modern times.

Having won a by-election, Home faced the most difficult year of his life. Labour possessed a commanding lead in the opinion polls, and Wilson regularly wrong-footed him in the House. But Home's shining integrity, his essential decency, and his command of foreign policy at a tricky time in international relations all got through to the electorate. He lost the general election of 1964, but only just. Labour having a majority of only three. "It was not remarkable that Alec lost," observed a colleague. "It was a miracle that he so nearly won."

Largely because of disgust with Macmillan's scheming, the Conservatives decided in future to elect their leaders in the first contest, in 1965. Home having declined to stand, Edward Heath became leader. Home served him loyalty and, after the Tory victory of 1970, served again as Foreign Secretary, signifying his forceful return to the job he loved by expelling 115 Soviet diplomats who, he believed, were spies. The autumn of his executive career demonstrated his committed grasp of policy, and his decisiveness, though the most important matter of foreign policy, joining the EEC, was kept in the hands of the Prime Minister, who took British membership of the Community as his principal cause in politics.

After the unexpected Conservative defeat in the general election of February 1974 Home announced his retirement. It was to be an active retirement. He made many speeches in the House of Lords (where he had returned as a life

baron) and even during recesses worked two hours a day on official papers. Although he handed the administration of his estates over to one of his daughters he exercised a general supervision of his land. He fished, accompanied by a black Labrador, and looked after the two and a half acres of beautiful garden at the Hirsel. "The back's troublesome," he told me in 1989, "so I do the gardening lying flat." I asked how this was possible. He rose and lay flat on his back on the carpet and mimed how he went about the job. "There are advantages," he said. "One can see the roots."

Home was a wonderful companion. The warmth of his personality and the readiness of his wit captivated all who knew him. In defence of his country's interests, however, he was a man of steel, and his profound knowledge of the history and practice of foreign policy was invaluable to Britain in dangerous times. Yet he could have given himself an easier life on his estates. Especially after 1974, nobody could have gained said him if he had retreated to the Hirsel. But he continued to labour in the public service. He was a great servant of the nation.

Patrick Coaggrave

Alexander Frederick Douglas-Home, politician; born Berwickshire 2 July 1903; styled Lord Dunglass 1918-57; MP (Unionist) for South Lanark 1931-40; PPS to the Minister of Labour 1935-36, to the Chancellor of the Exchequer 1936-57, to the Prime Minister 1937-40; Joint Parliamentary Under-Secretary, Foreign Office 1945; MP (Conservative) for Lanark 1950-51; succeeded 1951 as 14th Earl of Home (declined his hereditary peerage for life 1963); PC 1951-62; Minister of State, Scottish Office 1951-55; Secretary of State for Commonwealth Relations 1955-60; Deputy Leader, House of Lords 1956-57; Leader, House of Lords, and Lord President of the Council 1957-60; Secretary of State for Foreign Affairs 1960-63; KT 1962; MP (Unionist) for Kinross and West Perthshire 1963-74; Prime Minister and First Lord of the Treasury 1963-64; Leader of the Opposition 1964-65; Secretary of State for Foreign and Commonwealth Affairs 1970-74; created 1974 Baron Home of the Hirsel; married 1936 Elizabeth Arlington (died 1990; one son, three daughters); died Coldstream 9 October 1995.

The real-life Duke of Omnium in Trollope: honourable, decent, straightforward

Only one Conservative prime minister has had a shorter tenure than Alec Home. That was Bonar Law (1922-23) who resigned because of ill-health in May 1923 and died a few months later. Maynard Keynes, who knew him well, wrote words which could be applied to Alec Home too.

The public, he said, have regarded Bonar Law as "a great public servant whose life of austerity and duty has served them rather than himself". And he went on: "Many politicians are too much enthralled by the crash and glitter of the struggle, their hearts obviously warmed by the swell and pomp of authority. We have preferred to be governed by the sad smile of one who adopts towards the greatest estee of the nation the attitude that whilst of course it is nice to be Prime Minister, it is not great to covet, and who feels in office and not merely afterwards the vanity of things."

Alec Home's smile was never sad, but otherwise the description fits. He was certainly not an addict of "the crash and glitter". He was naturally pleased to be Prime Minister. "Only a fool," he wrote, "would deny a feeling of gratification at occupying the honourable place of First Minister of the Crown."

It does not follow that the pleasure continued throughout his year in office. "If I have a regret," he wrote, "it is that, by reason of the fact that I never dreamed of holding the position, I had taken no particular steps to prepare myself for it. Had I done so I would have soaked myself more thoroughly in domestic issues rather than specialising so completely in foreign affairs."

There have been highly successful prime ministers who specialised in foreign policy. Palmerston and Salisbury are obvious examples. But they lived in an era when the national economy was regarded rather as the weather is today - something outside the scope of politics or ministerial responsibility. Anthony Eden was the first Foreign Secretary to occupy Number 10 since the Second World War - indeed, the first since Lord Salisbury, and he was never at ease in dealing with domestic affairs. Yet during this

century, with rare exceptions, it has been the home front where elections have been won or lost.

Home also suffered from the extraordinary concatenation of circumstances which made his elevation possible at all: the Peacock Renunciation Act; the timing of Harold Macmillan's unnecessary (as it turned out) resignation; Macmillan's determination to dish Rab Butler; the "Magic Circle"; the questionable methods used to assure the Queen that Home was the man the party wanted. If one adds to these the "grouse-moor image", the 14th earldom and a singular lack of telegraphic appeal, it is easy to understand the problems of a premiership which was largely an election campaign. Home was no good at the "soundbite", though by saying that he presumed Harold Wilson was the 14th Mr Wilson he did manage to put a stopper on one particularly silly form of electioneering - inverted snobbery.

Given all these handicaps, the surprise was not that he lost the election of 1964 but that he very nearly won it, reducing a Labour lead of some 12 percentage points to only 0.7. But loss is loss, however narrow the margin. There was the inevitable backlash. He was right to resign after making arrangements for an electoral system to choose the successor; though it will long be argued whether the system was a good one.

Alec Home was a very distinguished Foreign Secretary, but he was not a great Prime Minister. If one seeks an analogy it should perhaps not be found in the history books but in fiction. Alec Home was the real-life Duke of Omnium in Trollope's *The Prime Minister*, honourable, decent, straightforward. When the Duke resigned and was asked to join the Cabinet of his successor he at first said that Caesar could not serve under Pompey but after an interval changed his mind.

Alec Home did not hesitate to serve under Heath, and his second spell at the Foreign Office was perhaps the highlight in the career of one generally acclaimed as the nicest man in politics during the 20th century.

Robert Blake

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Pay revolt: Union action will cripple the country and intensify pressure on a beleaguered government's economic strategy

France faces paralysis by public sector strikes

STEPHEN JESSEL
Paris

Much of France will be paralysed today by a 24-hour strike called by seven unions representing five million civil servants, local authority employees, hospital staff and other public sector workers in protest against government plans to freeze their wages.

The industrial action is expected to be on a scale not seen since similar protests nine years ago, and represents the most serious challenge yet to the government of Alain Juppé, already buffeted by attacks on the franc and damaging revelations about his housing arrangements.

A degree of calm returned to the foreign exchange markets yesterday after the Bank of France raised its 24-hour interest rate from 6.15 per cent to

7.25 per cent. After an anxious morning the franc steadied against the German mark. But today's strike, and new evidence relating to Mr Juppé's role in the allotment to him of a luxury apartment owned by the city of Paris, left the markets wary of his future and that of the strong franc policy. "The franc is in no man's land," said Kit Jukes, currency strategist at NatWest Markets in London.

"I don't think it will hold the line," said Paul Mortimer-Lee, chief economist at Paribas Capital Markets.

Schools, colleges and public transport are expected to be hit hardest by today's strike, originally called by fonctionnaires employed by the state, local authorities and hospitals after Mr Juppé told them they would receive no pay rise in 1996.

Other public sector workers – including railway and Paris

public transport staff – decided to join, expecting that the government planned the same thing for them. They also want to display their muscle to the new government, appointed in May, in advance of negotiations over the future of the social security system.

Rail travellers were hit as the strike took effect last night. Only about a quarter of main-line trains were expected to run today. It was hoped that seven Eurostar trains would run from Paris to London and six in the other direction. Few, if any, underground trains will run in the Paris area, and bus services will be severely curtailed.

There will be few postal deliveries, though post offices should open. Hospitals will maintain emergency services, but they will be badly disrupted. Most government offices and town halls will be closed.

Respite for franc, page 23

Teachers will be on strike, though some schools will open to supervise pupils who would otherwise be left alone at home. Marches are planned in Paris and several big cities.

Mr Juppé's announcement at the weekend that he is giving up the lease on his flat – the centre of controversy since it emerged that it was let to him at an artificially low rent while he occupied a senior post in the Paris city hall – has failed to silence his critics.

Yesterday *Le Monde* produced a further document challenging the claim that Mr Juppé had not abused his position to award himself the flat. It appeared to show that he did indeed have responsibility for the city's stock of flats at the relevant time, and may have benefited personally from his official position.



Royal visit: President Jacques Chirac with King Juan Carlos in Madrid before talks with the Spanish government

'Hot Autumn' tests Juppé's will to fight

TONY BARBER
Europe Editor

Maastricht targets. Government officials say some employees will get a pay rise next year because of wage accords in the pipeline. But in a sign that public opinion is not solidly behind Mr Juppé, a survey published in *Le Figaro* suggested that 47 per cent of French people approved of the strike. Only 48 per cent disapproved.

Union leaders say the public appreciates their argument that they are being made scapegoats for France's economic problems. The Civil Service Minister, Jean Puech, responds that the government cannot afford extra pay rises in 1996, but is willing to negotiate increases in a deal covering the next two or three years.

From the government's viewpoint, today's strike may be a harbinger of worse to come. Union leaders have warned that they will not tamely accept Mr Juppé's plan for the complete elimination in two years of the state's Fr60bn (£4.6bn) welfare system deficit. The Prime Minister has not yet explained how he proposes to wipe out the deficit, another factor prompting market scepticism about the government's policies. Mr Juppé is struggling to hold this year's overall deficit to Fr320bn (£40bn) and cut the 1996 shortfall to Fr290bn (£37.6bn).

A study released yesterday said that Mr Juppé's budget, which raises tax revenue but allows a 1.8 per cent increase in spending, was not likely to bring the deficit as a proportion of GDP down to 4 per cent next year, as the government projected. The figure is likely to be about 4.5 per cent, according to the French Observatory of Economic Performance, though it said unemployment was expected to continue to fall.

The strikers want the government to reverse a public sector pay freeze announced for next year. The freeze is part of an economic programme designed to reduce France's budget deficit from 5 per cent of gross domestic product to 3 per cent needed to meet the

French state sector workers	
Healthcare	1,000,000
Education	850,000
Local government	500,000
Transport	300,000
Police	200,000
Post office	120,000
State-owned local government companies	2,000,000
Total	5,000,000

Ministers swap desks to man the newsroom

Paris (Reuters) — The French financial daily *Les Echos* ditched its usual staff for yesterday's edition to take on a group of novice reporters, including cabinet ministers and the governor of the central bank.

Instead of making the headlines, prominent French personalities wrote them to mark the 50th anniversary of the founding of the elite Ecole Nationale d'Administration post-graduate school for civil servants.

Sixty-four ENA graduates took part. Yet, although well-informed, the new reporters seemed to come up with fewer scoops than a normal edition of *Les Echos*.

The Foreign Minister, Hervé de Charette, wrote an article entitled "Exports represent a real mine for jobs," while the Justice

Minister, Jacques Touhou, wrote about reforms to French subsidised housing.

One of the more thoughtful articles was a review by the Bank of France governor, Jean-Claude Trichet, of John Kenneth Galbraith's book *A Journey through Economic Time*. Mr Trichet praised him as "a master of the art of communication".

The leftist daily *Liberation* had a more irreverent tribute, publishing what it joked were questions at a typical ENA oral exam, where a self-confidence is as highly prized as knowledge.

To the question "What was South Korea's steel production in 1992?" it reckoned that a bluff from someone who did not know like "Yes, of course, flat or rolled steel?" would win as many points as the right answer.

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War's high tide on eve of peace

EMMA DAILY
Sarajevo

The poisonous tide of Bosnia's war reached a high yesterday in advance of a ceasefire due to take effect one minute after midnight last night, with the death of a peace-keeper from Serb artillery, the subsequent despatch of Nato jets to strike at the smoking gun, heavy fighting along front lines and the "ethnic cleansing" of 3,500 Muslims from Serb-held towns.

A Norwegian UN soldier who was hit by shrapnel at the Tuzla air base yesterday afternoon died on the operating table, a UN spokesman said. The base had been shelled sporadically all day, and it was unclear why the soldier was not in a bomb shelter.

Two jets, believed to be US F-16s, dropped at least two laser-guided bombs on a Bosnian Serb military command and control bunker near Tuzla at the UN's request, a Nato spokesman said. Although the pilots could not identify the offending heavy guns threatening peace-keepers, the UN considered the bunker to be linked to the artillery fire. Bomb-damage assessments were under way, and the two planes returned to base safely.

More than a dozen civilians were killed and almost 100 wounded in Serb attacks in the Tuzla area on Sunday, and artillery exchanges continued across the line east of the town yesterday. Lieutenant-Colonel Chris Vernon, a UN spokesman, said: "The air raids came not as punishment but as protection for peace-keepers."

Fierce fighting continued in north-western Bosnia, where sources said Muslim troops had taken Sanski Most, a town resonant with horror as one of the worst sites for murder, torture and ethnic cleansing.

UN refugee officials report-



No let-up: Bosnian Serb gunners continue to fire during fighting with Muslim and Croat forces in western Bosnia

Photograph: Reuter

ed that 3,500 Muslims had been expelled, in ghastly conditions, from the area while the Serbs were in control. Most were women, children and elderly people who had been separated from men of military age. Kris Janowski of the UN High Commissioner for Refugees, denouncing the "extremely brutal expulsions", said another 600 people from Sanski Most were expected to reach central Bosnia yesterday.

"They were expelled in an appalling way," Mr Janowski said. They were forced to wade through a river and some people drowned. Others died of exhaustion. Men of military age had been taken away to camps, according to refugees, and around 100 killed by paramilitaries who also terrified local Serbs into ostracising the Muslims they had earlier tolerated.

Military successes around Sanski Most, gateway to Prijedor, whose loss would be devastating to the Serbs, may encourage the Bosnian government to try and postpone the

ceasefire. It condemned the fatal shelling of a refugee centre near Tuzla on Sunday, but said it should not affect the planned truce. "This is an act of pure terrorism, which proves what the Serbs really are, but this will not influence the ceasefire because conditions for its implementation are set," President Alija Izetbegovic said.

However, the truce was only to come into effect at 12.01am if electricity and gas supplies, cut off in late spring, had been restored to Sarajevo. Bosnian

and Serb officials were to meet at Sarajevo airport last night to assess progress. Peace-keepers and technicians worked frantically to repair the power lines, but gas engineers stood idle at two plants close to the city, awaiting a green light from the Russian company that supplies Bosnia. The Russians have refused to restore the flow, via Hungary, because they are owed more than \$100m in unpaid bills for gas used in Sarajevo and diverted by the Serbs away from the city. Bosnian of-

ficials flew to Moscow yesterday for talks on the issue.

Once the tap is turned in Hungary, gas should reach the suburbs in about 12 hours, according to Tony James of the British Overseas Development Administration, which is running the gas system.

The ODA engineers have refurbished a second pipeline, unused since 1992, and upgraded more than 5,000 dangerous and illegal gas connections to houses in Sarajevo.

has also been provoked by anger at France's failure to hand over sufficient information on safety measures in the South Pacific.

That has intensified in recent days, since Commission officials who visited the region were refused access to the test sites. Nuclear experts working in Brussels have raised serious concerns about potential danger from the tests, warning that cracks in the rock strata could allow leaks of radiation.

The Commission hopes that the letter to Paris will bring about a political compromise. However, if enough safety information is not provided or it does not prove satisfactory, the issue could be taken to the European Court of Justice.



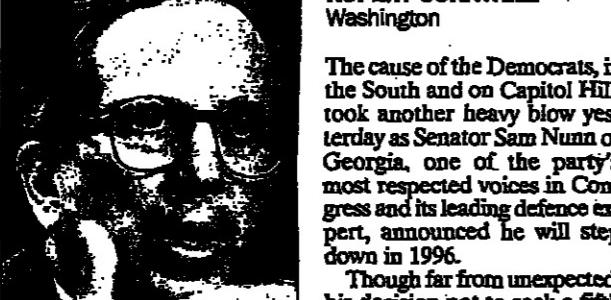
Jacques Santer: Reluctant to provoke a clash

The EU's Euratom Treaty provides the only legal avenue for a challenge to the nuclear testing. Previous tests carried out during the Cold War provoked less concern from the anti-nuclear lobby, and the treaty has rarely been invoked. With the end of the Cold War, however, Greenpeace, supported by many member states, has raised the issue.

However, several factors have brought about a tougher Commission stance. There has been mounting public criticism, reflected in an increasingly belligerent attitude from the European Parliament, which debates the issue tomorrow. The parliament has warned that it might take the Commission to the European Court of Justice for failing in its duty as a "guardian of the treaty".

The Commission initiative

Democrats reel as Nunn decides to stand down

RUPERT CORNWELL
Washington

Sam Nunn: Seeking more freedom and flexibility

The cause of the Democrats, in the South and on Capitol Hill, took another heavy blow yesterday as Senator Sam Nunn of Georgia, one of the party's most respected voices in Congress and its leading defence expert, announced he will step down in 1996.

Though far from unexpected,

his decision not to seek a fifth six-year term dismayed a party still struggling to adjust to its mi-

nority status on Capitol Hill and whose goal is less to regain control of the Senate than to prevent the Republicans next year increasing their 53 seats to a filibuster-proof majority of 60.

Speaking at the state Capitol in Atlanta where his political career began in 1968, Mr Nunn said he was seeking "more freedom, more flexibility" for his career, and emphasised he was not bowing out of the public arena - he has been touted as a possible Secretary of State should Bill Clinton win a second term.

Clearly, he was frustrated by the prospect of a long time in opposition, and by the shift to the left of the congressional Democratic party. Of the eight Democratic departures from the Senate next year so far announced, his will be the most damaging to party morale.

Like Senator Bill Bradley of New Jersey, who declared in August that he was stepping down, Mr Nunn is a pragmatic centrist, ready if necessary to go against the party line and an authoritative figure on both sides of the aisle. Such is his prestige that even Republicans on the Senate Armed Services Committee, which he used to chair, are said privately to have implored him to stay.

Even more important, the Democrats will lose perhaps their most powerful bulwark in the South, increasingly a Republican preserve in congressional and presidential elections. Mr Nunn's move proved that Southern Democrats were "in full retreat," said Alphonse D'Amato of New York, head of the National Republican Senatorial Committee.

Republicans will have high hopes of the Nunn seat. Almost all the eight Democratic vacancies are vulnerable - but few more so than his in Georgia, seven of whose 11 Congressmen are Republican, including House Speaker Newt Gingrich, who could not resist a partisan shot yesterday: "For those who have listened carefully, the Democratic Party is not the vehicle for values outlined by Senator Nunn."

IN BRIEF

German socialist leader fights to survive

Bonn — Top figures in Germany's opposition Social Democratic Party (SPD) looked more and more intent yesterday on ditching their leader to try to reverse the centre-left party's unprecedented slump in popularity and crisis of identity. Rudolf Schärer has become the SPD's whipping boy as it dives in polls and squabbles internally instead of fulfilling a pledge to put the squeeze on Chancellor Helmut Kohl's slim 10-seat majority. The conservative daily *Frankfurter Allgemeine Zeitung* said the powerful premiers of SPD-led states were now scheming furiously to dump Mr Schärer and he might not last two weeks. *Reuter*

Doubt cast on French-Algerian summit

Paris — France said yesterday it had not yet been decided whether President Jacques Chirac would have a first ultra-sensitive meeting with Algeria's military ruler, General Liamine Zeroual, later this month. "The decision has not been taken on this meeting," said a Foreign Ministry spokesman, appearing to contradict an official source who told reporters last Friday that the meeting was set for New York around 22 October. *Reuter*

Wu urges ban on Chinese 'slave' products

Paris — Harry Wu, the Chinese-American activist who spent 19 years in China's labour camps, yesterday urged France to ban imports of products — including tea and rubber boots — made by prisoners. "Millions of prisoners doing forced labour for 10 to 12 hours a day without pay in 1,000 camps, including 12 in Tibet, allow China to export many goods at unbeatible prices," he said. *AP*

Island hunt for elusive OJ

Casa De Campo — Reporters and television crews flew to this resort in the Dominican Republic seeking O J Simpson, but he was not to be found. The stampede was triggered by a report on Sunday in *Listín Diario*, the Caribbean country's principal daily newspaper, that Mr Simpson planned to fly in with his girlfriend, the model Paula Barbieri, perhaps to get married. *Reuter*

Rwanda accuses Moi over fugitives

Kigali — Rwanda's vice-president yesterday accused Kenya's President Daniel arap Moi of harbouring suspects of genocide and doing nothing to end his own country's ethnic problems. Major-General Paul Kagame's comments were the strongest reaction yet to Mr Moi's announcement last week that Kenya would not assist a tribunal investigating last year's genocide in Rwanda. General Kagame said Mr Moi was "not well-placed to solve the problems of Rwanda". *Reuter*

Mrs Chirac unveils memorial to artist

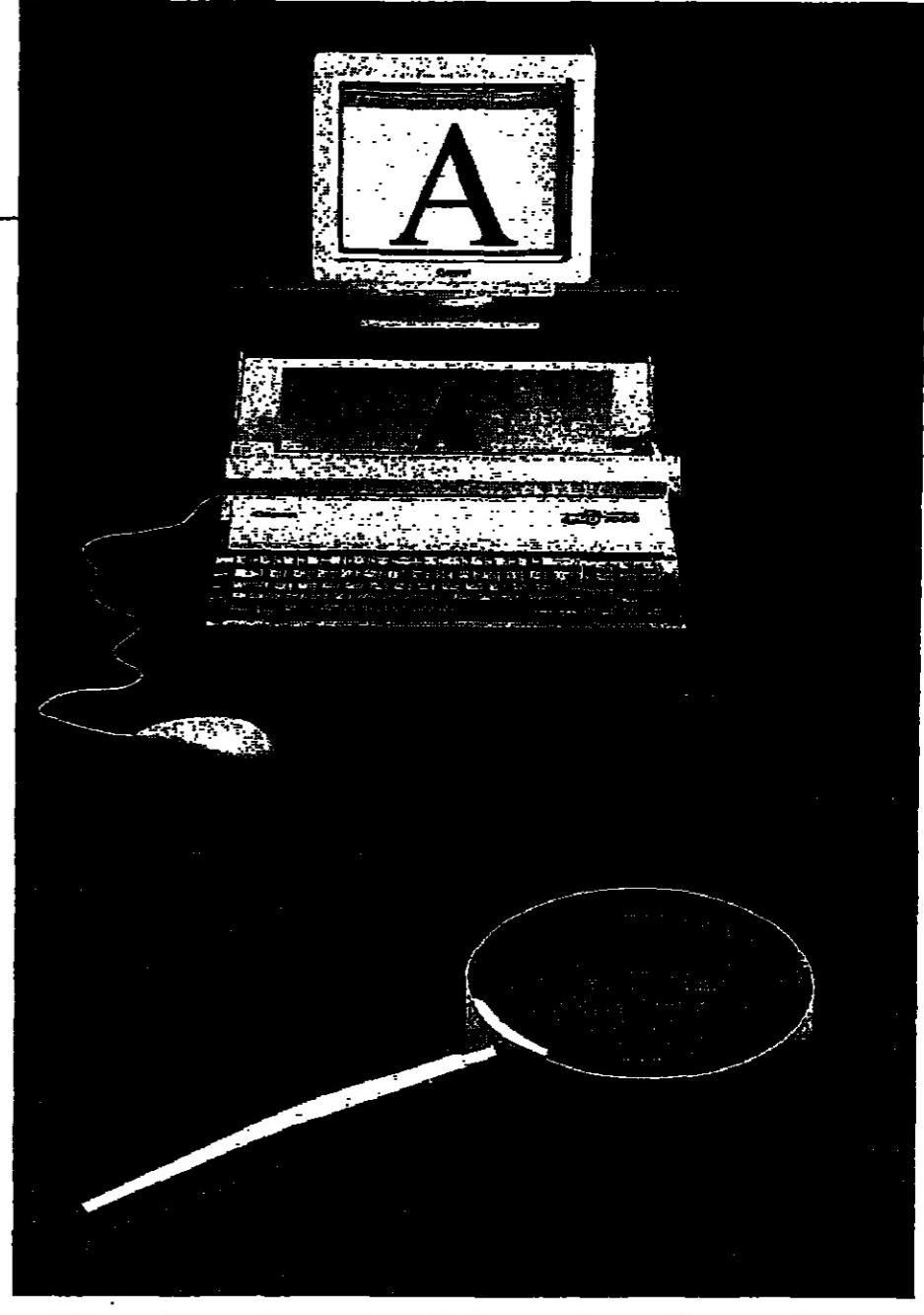
Kiev — Bernadette Chirac, wife of the French President, Jacques Chirac, visited the Ukrainian city of Odessa yesterday to unveil a plaque commemorating the artist Wassily Kandinsky, a native son. *AP*

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international

'She knew she was to be beheaded ... we were helpless'

The Philippines embassy in Riyadh hired a lawyer to defend Leonarda Akula. Much good did it do her. She had killed her Syrian employer along with his wife and 18-year-old son in the Saudi coastal town of Dammam. The son, she said, had tried to rape her, but she confessed to the murder and that was enough for the Islamic court to order her execution.

"We went to see her in the Dammam prison after the verdict and she was often crying or silent," one of the local Philippines embassy staff said. "She seemed very sleepy every time we saw her. She would reply to our questions, but otherwise she would say nothing. She just kept saying that she was very, very sorry." The diplomat paused in his painful story. "Yes, we made an appeal for clemency through the lawyer we hired, a Yemeni. But they went ahead with the execution. She knew she was going to die — they'd told her that. But she didn't know the time or the date. That was a complete surprise to her."

Thus on the morning of 7 May 1993, dressed in an abaya, gown and a scarf, Leonarda Akula was led from her cell and driven to the Dammam market place. There she was ordered to kneel before a crowd of Saudis — all of them men — where an executioner with a sword tore off her scarf. He then cut off her head.

"They never reveal the date of the beheading for what they call 'security reasons,'" the Philippines diplomat said. The Philippines Labour Secretary, Nieves Confero — the woman ultimately responsible for all Filipinos working abroad — was by chance in Riyadh on an official visit on the day of Akula's execution. "I felt like going home," she said later.

But of course, she did not. Poor, underdeveloped countries cannot afford to break relations with Saudi Arabia from where 600,000 Filipino workers — half of them women working as housemaids — send home millions of dollars in remittances. Leonarda Akula's tragedy — and her fate — went unrecorded outside Saudi Arabia.

"There was nothing we could do," the Philippines diplomat said. "We were helpless in this matter."

No one, it seemed, asked what had driven a 35-year-old Filipina housemaid to commit so dreadful a crime. Before her execution, she had told Philippines diplomats that her employer — a Syrian who was regarded locally as a religious



Robert Fisk, Middle East Correspondent, in the second report of a series on women victims of Islamic 'justice', tells the tragedy of Leonarda Akula

leader — had kept her imprisoned in his house, that she was never allowed out, that she was not given enough to eat. These are common enough complaints from tens of thousands of foreign housemaids in Gulf countries. And Akula said that the 18-year-old son tried to rape her. She never denied that she had taken a knife to all three of them at night, killing first the alleged would-be rapist and then his parents.

Saudi authorities claim that

she never left the house after the murders; she was apparently too mentally confused to understand what she had done and spent much of her time pouring salt over the corpses in a vain attempt to prevent their decomposition in the fierce Saudi heat. When Saudi neighbours smelled the bodies, they called the police; Saudi security men found Akula sitting near the corpses, drinking coffee.

"Later, we were told she had killed two other people," a Philippines source said. "But I ask you — how could this lone woman kill three people on her own, let alone five? This is not possible. Was she taking the blame for others? Were there accomplices? We shall never know." Philippines government officials admit that Saudi courts do not always condemn to death Filipinos accused of murder. In 1983, they stated that courts had approved 185 out of 280 requests for clemency, though few of these involved the death penalty. In one case, Ms Confero was later quoted as saying, a sharia court found the accused acted in self-defence. Another found grounds for judging a Filipino defendant insane.

Since Akula's beheading, another eight women have been executed in the Gulf — one of them by firing squad, the rest decapitated — for crimes ranging from murder to drug smuggling. Hundreds have been flogged by male prison officers for alleged sexual misdemeanours and theft. If courts have sometimes shown mercy, they have often demonstrated their ruthlessness.

None of this helped Leonarda Akula, whose own behaviour must surely have required some questions about her mental



Condemned cells: The al-Mabahith al-'Ama compound, where Leonarda Akula was held awaiting execution

Starving Iraq plans biggest mosque

PATRICK COCKBURN
Baghdad

President Saddam Hussein of Iraq plans to start building the largest mosque in the world, with room for 100,000 worshippers, in the heart of Baghdad in a few months' time. Although four million Iraqis are estimated by the UN to be on the verge of famine, the Saddam Grand Mosque will cost an estimated \$250m to \$300m (£160m to £190m).

The Iraqi leader first thought of the project in 1994, and 10 design teams have almost finished their work. Construction will start at the beginning of next year on a dome 600ft (180m) in diameter. It will rise from the centre of an artificial lake dug on the 500-acre site of the old municipal airport near the railway station in the centre of Baghdad. The area was heavily bombed during the Gulf war.

Iraqi engineers are worried about where they will get the equipment and construction materials in the face of UN sanctions. "We will need pile drivers, excavators, chemical additives for the cement and steel reinforcement bars," said one associated with the scheme.

Despite these difficulties, there is no sign of any slowdown in the work, which Saddam is

backing. A pavilion is being built on site for his use during construction. He reportedly said that he "will be the chief engineer" for the project.

The reasons for building a giant mosque when the country is so short of resources include the government's desire to improve its Islamic credentials and to underscore its belief in its future.

The mosque will consist of a 210ft-high dome, supported on piles going 120ft into the ground. In addition an Islamic university housed in eight towers, each 650ft high, will surround the lake. Although Iraq may lack some of the equipment needed for construction, almost no other projects are being built, so all resources can be concentrated on the mosque.

Iraqi engineers say the only mosque in the world which might be considered larger is in Mecca, but is not covered. Part of the idea is apparently to show that despite the embargo introduced in 1990, Iraq can still carry out great projects.

Madeleine Albright, the US ambassador at the UN, has criticised Iraq for squandering money on building presidential palaces. During the Iran-Iraq war the Iraqi leadership constructed big memorials to show its political durability.



Acquittal call: Filipina Muslims outside the UAE consulate in Manila to demand the freeing of Sarah Balabagan

Murder appeal adjourned

Al-Ain, United Arab Emirates (Reuter) — An Islamic court adjourned an appeal by the condemned Filipina maid Sarah Balabagan, after she repeated her claim that she killed her employer in self-defence.

The three judges, from Mauritania, Saudi Arabia and Sudan, questioned Ms Balabagan about the day she stabbed Al-Baloushi 34 times. "Sarah said she was defending herself. She told the judges he lured her into his room and when he locked the door and turned off the lights, she knew something was wrong," said her defence lawyer, Salman Lofti, after the court adjourned until 30 October.

The judges cleared the court of public and press after Ms Balabagan said she wanted to make a private plea "because it's a moral issue", a Philippines embassy official said. Ms Balabagan was condemned to death last month for premeditated murder. A court rejected her claim that she acted in self-defence after wresting Baloushi's knife away during "a rupe".

Rewind.

obituaries/gazette

John Cairncross

John Cairncross, the last survivor of the KGB's "Ring of Five", was a testament to mis-conceived idealism among Britain's intelligentsia in the 1930s and to the futility of MI5's hunt for Britain's Communist traitors.

He was born outside Glasgow in 1913, one of four brothers and four sisters; their father ran an ironmonger's shop while his mother was a primary school teacher. From those inauspicious but radical beginnings, three brothers became professors, including the noted economist Sir Alec Cairncross. Academia would also have welcomed John Cairncross, whose original research and books became internationally renowned.

After leaving Glasgow University in 1933 with a degree in French and German, Cairncross was awarded another degree at the Sorbonne before winning a scholarship to Trinity, Cambridge, where his fluency in languages was less remarked upon than a cantankerous and arrogant manner.

In the political cauldron of that era, Cairncross did not stand out as a political activist or a member of any group although he did join Cambridge's Modern Language Society, an organisation with links to the Communist Party. There, his left-wing sympathies were noted by Anthony Blunt. The KGB's talent-spotter disliked Cairncross as an unsociable, impudent personality, and the sentiment was reciprocated.

Cairncross was only approached by the KGB in 1936, after he joined the Foreign Office having topped the entrance exams.

His recruiter was James Klugman, one of Cambridge's most influential Marxists. The approach was classic. Cairncross was invited to help the Comintern, the international Com-

unist movement, against Fascism. His section had of the British establishment was the impetus to treachery. His earlier failure to join the Communist Party was a bonus. In perfect tradecraft, Klugman did not mention to his new recruit the names of others who were helping the Soviet cause. It was also wise, because Cairncross besides disliking Blunt, had met Donald Maclean in the FO's Western Department and instantly loathed another of the KGB's Cambridge recruits on account of his fellow Scot's charm. Until 1951 Cairncross would believe that he was a solitary agent, unaware of the KGB's awesome haul.

At the outbreak of the Second World War, Cairncross was posted to the Cabinet Office as a private secretary to Lord Hankey, the Chancellor of the Duchy of Lancaster. Contrary to later suggestions, Cairncross denied that he enjoyed access to atomic secrets, but he did pass on a mass of top secret cabinet papers recording the Government's political and military attitudes and decisions across the whole spectrum of daily affairs. In Hankey's office, he sensed not only the anti-Soviet atmosphere but also the continuing pro-German policies espoused by some government ministers.

In 1941, Cairncross was posted to GCHQ, the intercept station at Bletchley Park decoding secret German signals.

For the KGB, Cairncross was a goldmine. Unlike other informants, Cairncross could provide pure information about the Soviets' immediate enemy. Although his first chore was to prove the Luftwaffe's order of battle, his value to the Soviets was proven in February 1943 when he handed to his Soviet contact the original spy papers of the intercepts, containing the full details of the

Wehrmacht's summer offensive along a 1,200km front which would climax at the battle of Kursk. Initially, the Soviets undertook a series of pre-emptive air strikes but simultaneously used Cairncross's information to develop a new anti-tank shell to penetrate the new, thick German tank armour. In recognition of his critical assistance, Cairncross was awarded the Order of the Red Banner.

In Cairncross's opinion, his revelations did not render him a traitor. He was helping an ally who had been unjustly deprived of life-saving information by a right-wing clique.

By then, the Lubianka had become overwhelmed by intelligence supplied by the British traitors. To the KGB it seemed impossible that the famed British intelligence service could allow Cairncross and other officials to carry out suicides filled with the most precious secrets from government buildings. For a brief hiatus, all of the British material, with the exception of Cairncross's, was distrusted. Then, Yuri Modin, a young KGB officer, was tasked to sift all the material and recommend the best five sources, the remainder to be ignored.

Modin's administrative chore, selecting Blunt, Burgess, Maclean, Blunt and Cairncross, was the birth of the Ring of Five.

In 1944, exhausted by both his work at GCHQ and his double life, Cairncross was posted to MI6, the foreign intelligence service. In Section V, the counter-intelligence section, Cairncross produced under Philby's directive an order of battle of the SS. Later Cairncross would confess that he was unaware of Philby's true loyalties.

At the end of the war, Cairncross was posted to the Treasury. Although Cairncross would later claim that he ceased working



"His information was perfect": Cairncross, the "Fifth Man"

for the KGB, Yuri Modin, who arrived in London in 1948 to care for Cairncross. Burgess and Blunt under cover of press attaché, tells a different story. According to Modin, "Everything flowed through the Treasury and Cairncross's information was perfect". Cairncross, as Modin wrote in his memoirs in 1994, which were

shown to Cairncross prior to publication for approval, "was my favourite of the Five". Modin's only complaint was that Cairncross was "a difficult man who was impulsive to the aristocrats in the Civil Service. Why he was given a job in the Civil Service has always baffled me."

Whitehall's displeasure with

Cairncross was balanced by Modin's enthusiasm and, with Moscow's approval, the official was given money by the KGB to buy a car and later, in 1951, more money as a wedding present. More to the point, Modin was infuriated by Cairncross's failure to meet punctually and work a microfilm camera. The fumbling spy compensated by providing a complete collection of papers for the structure, financing and composition of Nato – even before it was created. But, in that same year, Cairncross was not forewarned by his friends of the disaster which disrupted his life.

After nearly two years' investigation, MI5, Britain's counter-intelligence service, had, under the supervision of Dick White, identified Maclean as a Soviet spy. Just before Maclean's arrest, Modin had organised his escape to Moscow, but the plan misfired.

Burgess had been asked to escort Maclean to Switzerland and return to London. Instead, he continued to Moscow. When Maclean's disappearance was discovered on 28 May 1951, White froze with disbelief and his condition worsened when the unsuspecting Burgess was identified as Maclean's travelling companion. With the help of the still unsuspecting Blunt, MI5 entered Burgess's flat and seized a guitar case full of letters. Among them was a secret Foreign Office paper with a brief, unsigned handwritten note attached. Eventually the handwriting was identified as Cairncross's.

Up to that point, Cairncross would claim to be a friend of Burgess but unaware of his true loyalties. That opinion was supported by Modin. The KGB's compartmentalisation was so successful that Burgess was so successful that Burgess, working in the Foreign Office, had persuaded Cairncross to provide him with secret papers

on the grounds that the normal Whitehall channels were too slow.

Cairncross was placed under surveillance. In an operation masterminded by Anthony Simkins, Cairncross was followed through London to Ealing Common Underground station. Clearly waiting for someone, the official stood smoking and then departed. Modin had hovered nearby and departed after noticing three MI5 watchers. Back at MI5's headquarters Simkins read the report and exclaimed, "He's a non-smoker! He was smoking to warn his Soviet contact."

If Simkins and White had stepped adroitly, the history of the Cambridge Ring and the subsequent "mothball" would have terminated happily. Instead, before summoning Cairncross for an interview, the MI5 officers failed to gather the evidence which Bernard Hill, MI5's lawyer, firmly stipulated as necessary for a prosecution. In the interim days, Cairncross met Modin and was briefed about his behaviour in the inevitable interrogation. "I told him to admit his Communist sympathies and an innocent friendship with Burgess. Modin would later explain, "and deny any link with espionage." In the event, the intelligent Cairncross easily outsmarted Simkins and achieved practically the same success in a second interview with William Sharpen, MI5's professional but flawed interrogator. After making a hurried confession of carelessness with official papers, he resigned from the Civil Service. Without a confession, the Government was helpless.

Cairncross was also penniless and unemployed. Eventually, with some money received from the faithful Modin, Cairncross moved to academic life at North Western University in Chicago. His information was perfect: Cairncross, the "Fifth Man"

Gradually, the uncrossed traitor developed the smarable skills which would establish him as an expert in Miocene and Pascal, as an authority of the Romance languages, an author of a standard work on polygamy and as a minor poet.

That pleasant life terminated in 1964 with the arrival of Arthur Martin, MI5's most outstanding investigative officer. In the aftermath of Philby's defection to Moscow, Martin had reopened the files to hunt for the Fourth and fifth. To Martin's surprise, Cairncross made a full confession. Continuing to Washington, Martin received, with rather surprise, a denunciation which would lead to Blunt's confession.

By then, Cairncross had moved to become an economics expert for the United Nations Food and Agricultural Organisation in Rome, working both at headquarters and in the Third World. At it was in Rome that his set was finally unravelled. On December 1979, Burke Pease, a journalist, having travelled for weeks through official circles, concluded that Cairncross was the Fifth Man and knocked the traitor's door. Cairncross's confession was front-page news. His status was confirmed 10 years later by Oleg Gordievsky, the KGB defector.

By then Cairncross had, after a one-year imprisonment in Rome on current charges, moved to France, visited by other journalists, decided to write his own memoirs. These he completed a short time ago and are due to be published in spring 1996. Written in a different era to Philby they are said to contain "true confessions of a traitor".

To Bower

John Cairncross, linguist and spy; born 1913; twice married; died 8 October 1995.

Patric Walker



Walker: astrologer

From his bedroom window in the Greek village of Lindos, Patric Walker could see the Temple of Athene on the Acropolis of Rhodes. It was a fitting view for the man hailed as the world's greatest astrologer, whose columns have been essential reading for the past 30 years for millions of devoted followers in almost every country of the globe.

Born on 25 September 1931 in Hackensack, New Jersey, Walker was the third of four children of Yorkshire parents who had emigrated in the 1920s. The family returned to Whitby when Walker was four but his childhood was scarred by the death of his mother when he was seven, an event which convinced him that "nothing could ever happen to me in life that would be greater than that loss."

He attended a private Catholic school, was posted to India and Pakistan with the RAF during national service and moved to London to learn accountancy in the late 1950s. Before discovering astrology he attempted various other careers including launching a club in London and becoming a minor property developer.

His path to astrological enlightenment began in 1960 when he happened, at an elegant London dinner party, to sit next to an American astrologer, Helene Hoskins, later to become the legendary "Celeste".

He discovered Lindos on a brief visit to the island of Rhodes in 1979, fell in love with it on sight and knew "instantly that it was where I wanted to live for the rest of my life". His days

started at 5.30am, when he would begin writing his columns by hand under the orange tree in the cobbled courtyard of his picturesquely modest rented villa. He always denied being in possession of any special cosmic privileges. However, his perceptive and intuitive skills as an interpreter of the astrological equations meant that he was unrivalled in the world of media astrology.

Shrugging off the psychic powers which many believed him to possess, he once told me: "Even if one has them, I don't think it's something one should be aware of. Whatever these personal gifts are, they are not to be exploited or boasted about."

"If you honestly believe that your existence on this planet is valid and that you are born at a given moment in time, then astrology seems to me to be a sort of accurate indicator – not of how your life is planned out for you but of the framework within which you are born which encompasses your parents, their background, what you're likely to inherit in the way of ideals, principles and knowledge, all the things that make a human being."

Despite his insistence that he was a skilled interpreter of an ancient art, there is a telling incident which happened to him on a visit to the ancient Oracle at Delphi – once the sanctuary and oracle of Apollo – with some friends. Unable to find the precise site of the oracle, they asked a local man, who simply pointed at Walker. It was something which even the world's greatest astrologer was unable to explain satisfactorily.

Sally Brompton

at *Harpers and Queen*. She chose him to be her sole disciple and, over the next six years, taught him everything she knew about astrology.

When the avant-garde glossy magazine *Nova*, wanted an astrologer when it was launched in the mid-1960s Hoskins suggested Walker. She was later to confide to a mutual acquaintance, "I knew Patric would be good, but not this good." He went on to take over the Celeste column in 1974, then worked for *The Mirror* magazine before moving on in 1976 to Associated Newspapers, where he wrote for the *Evening Standard* and the *Mail on Sunday*.

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Despite being a friend and confidant to the celebrated and elite, many of whom – such as the Beatles and Elton John – he got to know when they were starting out in the 1960s, he always denied that he was "astrologer to the stars". His favourite saying, borrowed by John Lennon for his final record jacket, after Walker mentioned it to him over breakfast in New York, was "Life is what happens while you're making other plans."

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news analysis

The awarding of the 1995 Nobel prizes has gone smoothly, so far. That's just the way they like it in Stockholm, explains Paul Vallely

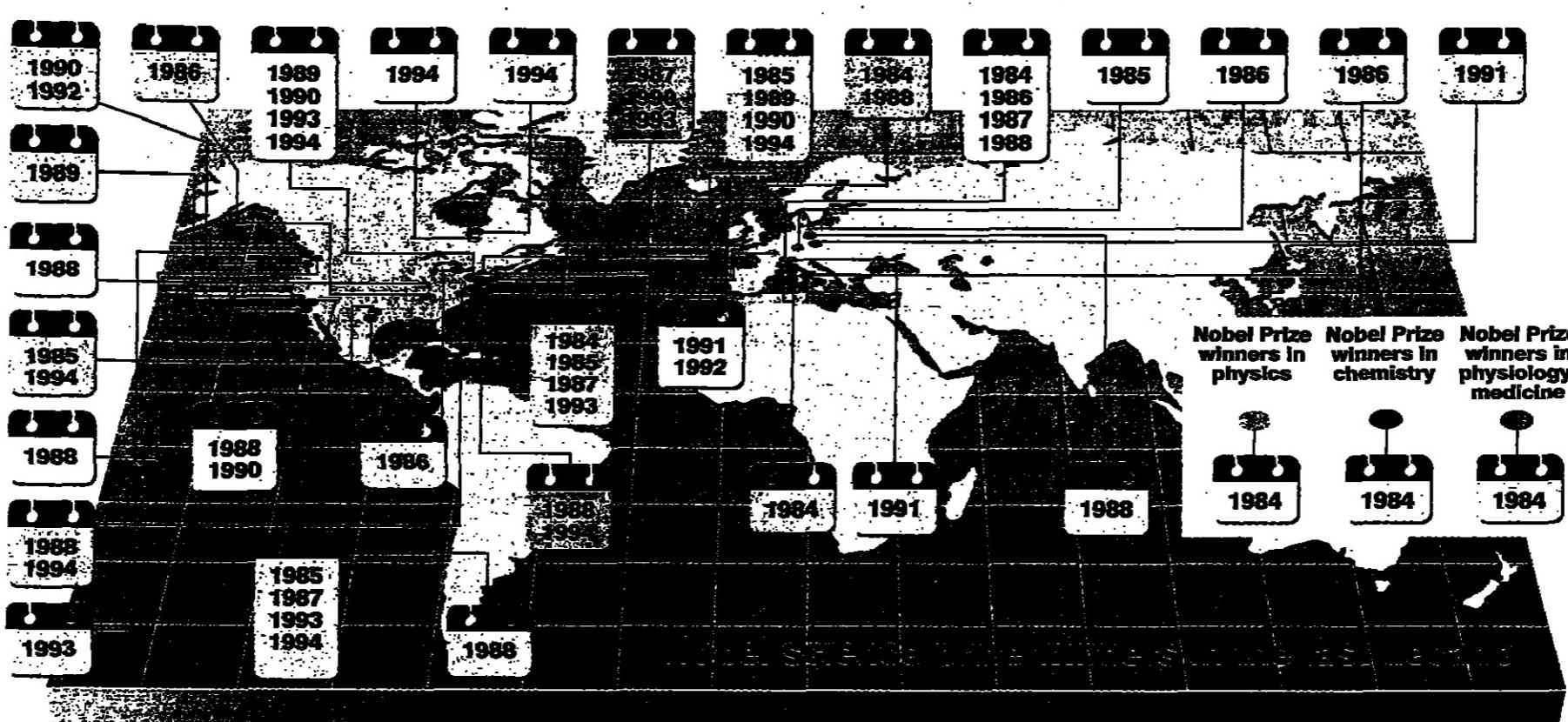
No controversy please, we're Swedish

Two down, four to go, and all safe so far. There was universal acclaim yesterday in the scientific world when the Nobel Prize for Medicine, worth \$1m this year, was won by two Americans and a German for their pioneering work on the development of embryos. Working with the tiny fruit fly, they have discovered how genes control the formation of organs – which could have significant implications in understanding the causes of congenital malformations in human beings.

Cheers all round then, as there was last week when the man known throughout Ireland as Seamus Fahey was awarded the Nobel Prize for Literature. Today comes the Nobel Prize for Economics, with the physics and chemistry prizes tomorrow and the peace prize on Friday. They will be awarded "to those who, during the preceding year shall have conferred the greatest benefit on mankind", to quote from the will of the man who left the money for the annual awards, Alfred Nobel, the Swedish chemist, engineer, industrialist and pacifist inventor of dynamite.

The judges at the Royal Swedish Academy of Sciences (who judge physics, chemistry and economics), the Royal Caroline Medico-Chirurgical Institute (physiology or medicine), the Swedish Academy of Letters (literature) and the Norwegian Nobel Committee (peace) will be pleased if the next four prove as uncontentious. For this year's prize for medicine was announced against a storm of controversy in the prize's homeland, where a leading newspaper last month reported that a previous medicine prize had been faked by a pharmaceutical company.

The newspaper, *Dagens Nyheter*, argued that Rita Levi-Montalcini won in 1986, for her discovery of nerve growth factors, because of an elaborate campaign by her employer, the Italian drug firm Ilda. It claimed the company developed ties with a key member of the awarding body, including giving him small prize and paying for a trip to his wife. Academy officials bought the account, attacking the



INDEPENDENT

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France peers into the blackness

A French "Black Wednesday" appears to be looming. The pressure on the franc and the troubles of the economy as France tries to keep pace with Germany all sound terribly reminiscent of the UK autumn 1992, just before we tumbled out of the Exchange Rate Mechanism. The financial markets are selling the currency in the belief that its value cannot keep up with the mark. The French central bank has raised interest rates to stop a serious run on the currency. Meanwhile, economists think French policy doesn't add up. Because interest rates are so high, and the currency so overvalued, they argue, the home economy cannot grow and unemployment cannot fall. And the government deficit is too high, not least because of the cost of supporting the jobless.

The British streets beckon: forget shadowing the mark, cut interest rates, let the franc float, and just watch while growth increases and unemployment falls, as it has in Britain since Black Wednesday. But devaluation is not an easy option for President Jacques Chirac. The political risks are more severe, and the economic benefits less extreme, than those faced by the unfortunate Norman Lamont in 1992.

Unlike Britain, France is not deep in recession. In fact, growth has been steady at around the European average. High exports undermine the idea that the franc is overvalued, because foreigners are clearly still buying French goods. But the fact remains that French real interest rates, at 5.3 per cent, are considerably higher than those in Germany, the UK, the US and Japan.

The crux of the problem for the French is whether they are prepared to go on bearing the pain. Mr Chirac pledged in his election campaign to make unemployment

the "priority of priorities". Currently at 11.4 per cent, it is the biggest worry for the French electorate. Yet sticking with the mark makes it much harder to create jobs.

The alternative for Mr Chirac is not much more palatable. To abandon the mark is seen as surrendering the founding principle of post-war political stability in Europe – that France and Germany co-operate as equal partners. The first casualty of dropping the hard franc policy would be to blow away the timetable for European monetary union; in the longer run, French political leaders fear that it would weaken the centre of the European Union in a way that would turn the Continent into a glorified Deutsche mark zone.

In the end, though, the French economy will be strong enough to withstand a long-term alliance with Germany if other reforms to bring down unemployment, increase growth and cut the deficit are successful. The structure of the ERM does now allow for greater short-term flexibility.

President Chirac will be weighing up the political pros and cons. He risks social discontent and anger at home on the one hand, building on today's threatened strike by 5 million public sector workers, or a potential European crisis on the other. Damned if he does back the franc, damned if he doesn't, Mr Chirac may be damned most savagely of all if he dithers in the middle. For the financial markets will pursue any sign of doubt about the currency by speculating ever more heavily.

Europe's interest lies in seeing these tensions managed through. It is not the moment to insist upon the monetary union timetable at all costs.

Far from the promised land

If Colin Powell's parents had emigrated from Jamaica to Southampton rather than New York, their son's life would have been rather less exalted. "I might have made sergeant major in a modest British regiment, but not likely British chief of defence staff," General Powell explains in his autobiography, *A Soldier's Way*.

This is a depressingly accurate observation about a country that likes to think of itself as relatively free of racism. Many gloated last week at the verdict in the OJ Simpson trial, citing it as evidence that the United States in general, and its judicial system in particular, is poisoned by racism. This week, as General Powell visits these shores, we should take a careful look at ourselves.

Britain's most senior black or Asian officer is a humble colonel. General Powell, once the top soldier in the racially divided United States, was one of several black generals it is sobering to consider, as General Powell sets his sights on the US presidency, how unlikely we are to elect a non-white prime minister. John Major, once rejected as a bus conductor, is now the premier. But the doors of power are virtually closed to blacks and Asians.

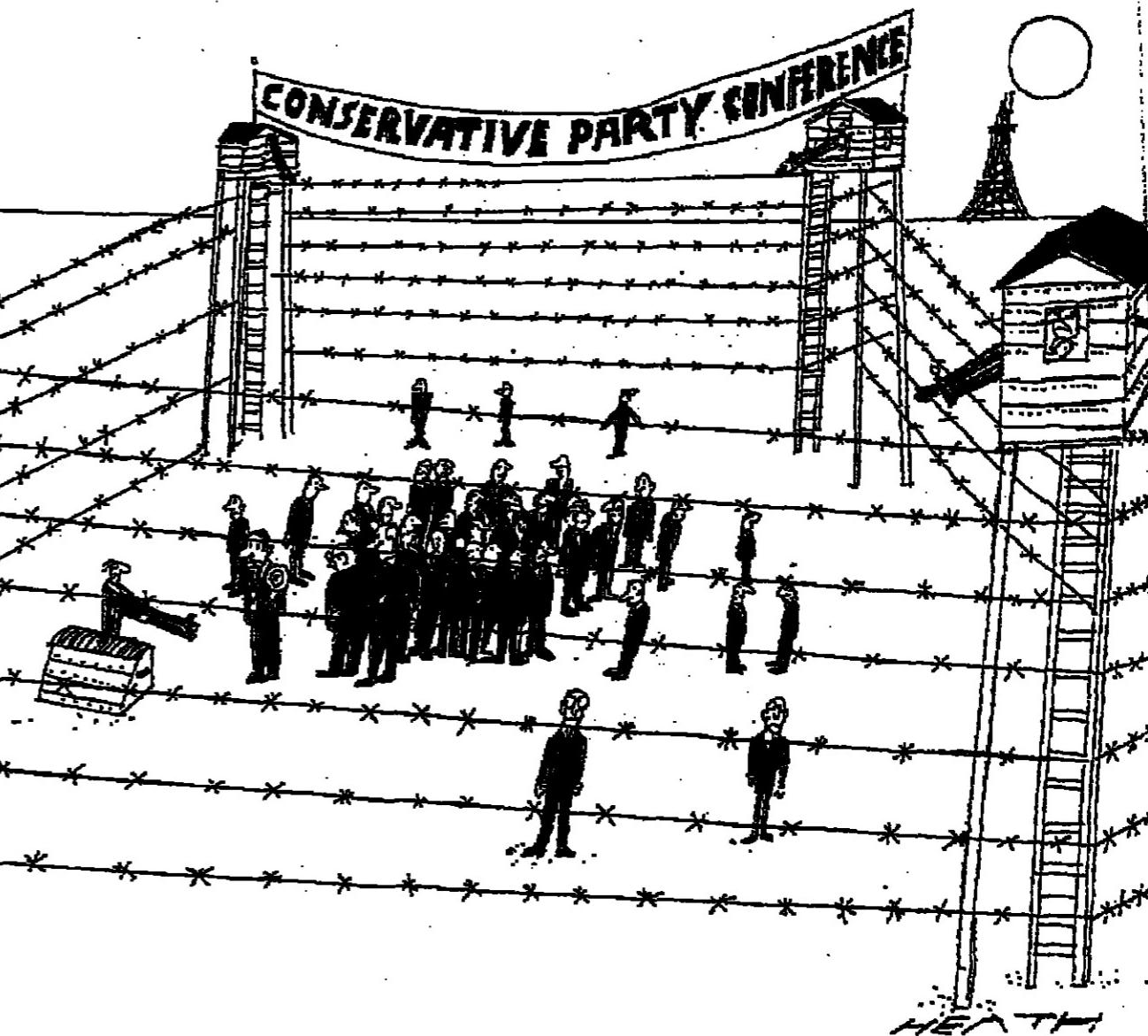
If membership of the House of Commons reflected demography, there would be 35 MPs from ethnic minorities: in fact there are just six, none of whom hold ministerial position. In the 1992 general election, only 22 blacks or Asians were among more than 2,000 candidates put forward by the main parties.

The picture in areas of life where would-be politicians win their spurs is no more encouraging. Recent research at

Warwick University found that just 36 out of 23,000 local councillors are black or Asian (1.6 per cent of the total compared with 6.9 per cent of working age British citizens who are non-white).

The professions, where future MPs are frequently nurtured, are hardly more welcoming. Look at photographs of directors in annual company reports: a sea of white faces. Journalism, particularly the print media, remains overwhelmingly white. Figures from 1994 record no blacks or Asians among the 95 High Court judges, 29 Lord Justices or 10 Lords of Appeal. There is no equivalent of Clarence Thomas, the black US Supreme Court Justice. Things are improving, but slowly: 4.6 per cent of barristers are from ethnic minorities.

Sadly, the *Which?* article has undermined the previously good relationship between the Law Society and the Consumers' Association. Clearly, this is not good for consumers or the profession. A first step to resolving this situation would be for CA to be more frank about the limitations of its research.



LETTERS TO THE EDITOR

Good advice and good value from solicitors

From Mr Andrew Lockley
Sir: In his letter (9 October) Keith Richards of the Consumers' Association implies, wrongly, that the Law Society's angry response to the *Which?* article on the quality of solicitors' advice was simply the knee-jerk reaction of the solicitors' trade union.

The Law Society never disregards rigorous research into the service that solicitors give to their clients. Unfortunately, the *Which?* research was flawed and its attack on the profession unjustified. The solicitors' profession has as much right to defend itself against unwarranted attack as any other group in society.

Which? has already been forced to apologise to one firm of solicitors named in the report. Many of the other solicitors we have contacted have stated that *Which?* misrepresented the advice they gave and the context in which it was given. Also, despite what Mr Richards asserts, in one key area the *Which?* model article was incorrect.

Sadly, the *Which?* article has undermined the previously good relationship between the Law Society and the Consumers' Association. Clearly, this is not good for consumers or the profession. A first step to resolving this situation would be for CA to be more frank about the limitations of its research.

tions of its research. After all, no organisation is above criticism. Yours sincerely,

ANDREW LOCKLEY
Director
Corporate and Regional Affairs
Law Society
London, WC2
9 October

not-too-distant future. Investors in People and ISO 9000.

I and my partners can administer the bulk of standard matters in a cost-conscious way – conveying houses, divorce petitions, debt collection, housing problems, wills, etc. We can advertise and provide free legal surgeries where we set up a controlled system that can filter out and cross-check advice and answers. What we have not yet cracked is how to filter the non-standard inquiry from the standard with 100 per cent success at the first point of contact.

In relatively small communities, we have to hold ourselves out to that community, and particularly to our professional colleagues in advisory services such as the Citizens' Advice Bureau, as willing to give an instant answer to a set of facts filtered by the caller, but using our experience to spot the maverick problem. I suspect that our specialised experience and training can give genuine help to more than 90 per cent of callers. The business still

is in working out how to cover the remaining up to 10 per cent without setting up so many checks and balances that we cease to be profitable. It is a matter of balance and continuous endeavour.

J.S. QUINN
Malvern Wells, Worcestershire
9 October

BT finds it easy to promise

From Mr J. R. Colquhoun
Sir: I view the announcement that British Telecom is willing to cable schools, hospitals and educational establishments free of charge with a sad sense of "déjà vu".

In the early 1980s, Aberdeen was included in the first round of local cable franchises to be awarded. In the franchise was a commitment by BT to cable free all the local educational establishments. On the strength of this, I obtained the agreement of the then managing director of Aberdeen Cable for the establishment of a dedicated local education channel. Material would be supplied by local educational television production houses such as the one I was then heading and the cable channel would be provided free by Aberdeen Cable.

A committee chaired by me was set up involving the local higher education institutions, the education authority and the cable company. A few months before the channel was to be launched, BT withdrew from its promise to cable educational establishments free of charge, having found that the cost of cabling the four schools they had so far reached to be far more expensive than cabling houses, involving, as it did, having to duct cables underground across

often considerable expanses of playground or playing fields. You would have been a unique Aberdeen Education Channel founded even before being born in the harbour, and has never been refloated.

Perhaps we should remember that promises are easy to make, harder to carry out when the price becomes a factor.

Yours faithfully,
J. R. COLQUHOUN
Aberdeen
5 October

From Mr Tony Attwood
Sir: Your claim ("Blitz", BT as smoke-filled rooms") 6 October that there are 54,711 schools in the UK has caused shock waves in the educational supply industry.

There are, in fact, only 33,000 schools in the UK, of which about 5,000 have Internet connection via our service "Schools Internet".

I suspect British Telecom included playgroups for mums and toddlers – which, in fact, takes the total to around 54,000.

Is BT really going to supply modems to each and every playgroup?

Yours,
TONY ATTWOOD
Chairman
Hamilton House
Northampton

Missing the point on offensive ads

From Mr Rupert Mosyn

Sir: Advertising agency director Matthew Lonsdale asks the Advertising Standards Authority to "stand in the corner of the classroom until it has worked out the difference" between the shocking details of the serial killer Jeffrey Dahmer and the plain telling of the story in a broadsheet newspaper, in this case an International Fund for Animal Welfare advertisement.

In his *Another View* column ("We have been misinformed", 5 October), he misses the point of the complaints upon which the ASA was asked to adjudicate.

The IFAW advertisement in question, promoting the Wild Mammals (Protection) Bill, juxtaposed the line that convicted Dahmer "graduated" from mutilating birds and animals with the line that torture of mammals goes on in Britain and opponents of the Bill were somehow comparable to Dahmer.

Upholding both the challenge as to whether Dahmer mutilated animals and the complaint that the perceived comparison was offensive, the ASA reported:

The authority understood Dahmer did not mutilate live animals but examined "corpses of animals killed by traffic. It concluded that the use of Dahmer was inappropriate. The authority considered the irrelevance of the comparison ... shocking ... had caused offence. It judged that the advertisers had failed to justify using this approach.

That's fair enough, isn't it? Sir Lonsdale? People do not think the comparison appropriate, and complainants were offended. In which case it also seems fair and fitting that the ASA made the general criticism of certain pressure groups "misinforming people by exaggerating or stretching the truth, exploiting the trust that the public have ... in them".

Your sincerely,
RUPERT MOSYN
British Field Sports Society
London, SE1

Unnecessary Bill on immigration

From Mr Randhir Singh Bains
Sir: Your positive reporting of the conference on the scientific basis of health services, which is exploring new methods of coping with the tidal wave of new health technologies, is welcome.

However, Liz Hunt's statement that "less than 15 per cent of health service interventions have been proved to be beneficial to patients" ("Routine operations on hit-list", 3 October) is a misinterpretation of Professor David Eddy's statement that less than 15 per cent of interventions are based on scientific evidence. This does not mean that interventions not so proven are ineffective.

The pattern of illegal immigration to Britain is well-known. People from the Indian subcontinent enter Britain either as visitors or refugees. On arrival they apply to the Home Office for political asylum on the pretence that they are persecuted in their own countries. It usually takes 18 months to two years before their applications for political asylum are dealt with. While their applications are being considered, they manage to find

extremely low-paid jobs in Asian shops, stores and construction companies. By the time they hear the result of their applications, which almost invariably means rejection and deportation, they save enough money to go back and start business in their own countries.

If the Government is genuinely interested in solving the problem of illegal immigration, it should first put its own house in order by reducing the time-scale of dealing with asylum seekers' applications from two years to two months. To introduce legislation which is likely to adversely affect British Asians far more than asylum seekers would not only be a retrogressive step in the field of race relations, but also would unwittingly "legitimise" racism in employment.

Yours faithfully,
RANDIR SINGH BAINS
Gants Hill, Essex
8 October

Down with stools

From Mr Ron Sonnet
Sir: Further to your report today about the attempts of police in Cheltenham to identify the causes of "pub rage" ("Officers sign up for 'drink patrol'" in the line of duty," 7 October), in my extensive experience one of the prime causes of aggravation is the provision of bar stools, and their use by clients who seem determined to demonstrate territorial rights by extreme reluctance to allow others either to order or to carry drinks away. The latter operation usually requires advanced juggling skills, some-

times a little impaired later in the evening, and is invariably a stressful and difficult operation.

Licences could eliminate all this by simply removing the stools altogether and, when that is done, to designate their former place as a drinks ordering area, free from obstruction. This would cost nothing at all. The money saved on the upkeep of the stools could then go towards the installation of the little numbered ticket dispensers used in supermarket delicatessen counters, and then we'd all be happy.

Yours,
RON SONNET
Southsea, Hampshire

Insured at Lloyd's

From Mr Tim Willcocks
Sir: It seems rather ironic that Lloyd's is considering legal action over its rusty building (report, 6 October). Given that anyone who

had anything to do with the building will be insured, I wonder who, at the end of the day, will pick up the tab?

Yours faithfully,
TIM WILCOCKS
Hastings

Crystal gazing

From Mr Ken Lewington and Ms Audrey Hammond

Sir: Your feature "Arts 2000: is this another piece in the puzzle?" (3 October) makes reference to a "new" Crystal Palace on London's South Bank. Why on earth put a Crystal Palace there, when Paxton's world famous site at Sydenham sits empty, waiting for a developer to install bingo, Burger King, bowling alleys and similar cultural attractions? This is its likely fate.

The best location in London, sitting high above the metropolis to the north and the Weald of Kent and beyond to the south, is begging for something which will do justice to the 21st century and to the astonishing vision of Prince Albert, Sir Henry Cole and Sir Joseph Paxton. Yours faithfully,
KEN LEWINGTON
AUDREY HAMMOND
London, SE19

Musical accolade

From Mr Keith Spence

Sir: Writing about Seamus Heaney ("The delicate density of a genius", 6 October), John Walsh has got his composers slightly in a twist. It is not Brahms who said "Hats off gentlemen, a genius", and the remark did not refer to Liszt. In any case, by the time Brahms was born in 1833, Liszt (born 1811) was already an acclaimed international virtuoso. The accolade was written, not spoken, by Schumann about Chopin's variations for piano and orchestra on Mozart's *La ci darem la mano*, Op2. Henry Pleasance, in his selection of Schumann's writings, says that the article marred Schumann's debut as a writer, and appeared in the Leipzig *Allgemeine Musikalische Zeitung* on 3 December, 1831. Yours sincerely,
KEITH SPENCE
Tunbridge Wells, Kent

comment

Must Major drown in dirty blue water?

Alan Howarth and his former leader agree on decency and fairness. But other Tory voices are louder

Death and treachery; let no one say the Conservative Party fails to get its conferences off to a flying start. However tasteless it may be to mention this, Lord Home's timely demise gave the Tory leadership a chance to deflect attention from the loss of one of its MPs to Labour. Alec Douglas-Home, unlike Alan Howarth, was over the party servant.

Yet it is the ostracised Howarth who has more to say to the Conservatives now. Home was the courageous underdog who nearly, very nearly, revived the Tories in time to stop Harold Wilson. In 1963-4 he almost achieved what John Major did for real in 1990-2. But in almost every other way he is a politician from another time. "One Nation" Conservatives cannot claim him. But the post-Thatcher right-wingers are not his type of Tory, either; for one thing, he was far more radical than they on constitutional reform.

One word only links the former prime minister with the Howarth story. It's "decent". Despite Lord Home's involvement in Munich and his sharp-elbowed behaviour in fighting for the premiership when Macmillan retired, Tories here in Blackpool, milling round the bars, were speaking quite rightly, of his decency. Major, too, is often described first as decent. It is a word that matters to the Tories, as to the country as a whole. Yet Alan Howarth has made the contemporary bribe's loss of "decency and fairness" his central justification.

He has thrown down a moral challenge. He told the *Observer* that policies aimed at the young unemployed were "moral garbage". He spoke about smod of harshness in the party and,

later, said that he had spent three years urging it to "come back to its better nature". Only after despairing for one nation Toryism did he throw away a 23,000 majority and many friendships.

Lefthand Tory admirers wish he had resigned his seat, too; his party workers are understandably furious.

But Alan Howarth has hardly gone for the soft option; he has chosen ostracism and loneliness in the Commons, with only a small chance of returning as a Labour MP, and has been rewarded by having his sanity publicly questioned. Brian Mawhinney has a curiously mirthless smile and the Conservative Party when angry is not a pretty sight.

But then, it never has been. The real question is whether the party has changed or whether Alan Howarth has. After all, it is hard to argue that Major himself is a harsh, punitive, indecent or immoral politician as compared with Margaret Thatcher, whom Howarth happily supported. Major is perhaps the single Tory MP who has been as passionate as Howarth himself about the evils of racism. His rhetoric has been as concerned with classlessness, opportunity and decency as any Conservative leader.

It was revealing that Major believed that had Howarth discussed his worries "with his friends" he wouldn't have left the party. Major thought of himself, however loosely and vaguely, as one of those political friends, a liberal Tory among other liberal Tories. He must have been genuinely shocked.

But Howarth had seen something about the Conservative Party that the Prime Minister – either because he is



ANDREW MARR
Columnist of the Year

There is a struggle going on for the soul of the Tory party

too close to the daily action, or because he chose not to see it – has missed. The party has toughened its rhetoric and sharpened its policies over the past couple of years to an extent that has depressed and even sickened a number of lightheaded Tory MPs.

On crime and punishment, Europe, welfare and immigration, it has been radicalising itself, importing modish ideas from Washington and seeming ready to blame the poor than to help them. At its rawest, this could be called the B-special agenda – boot camps, borders and blacks. A shiver ran through politics last week when Michael Howard's odd announcement on immigration policy happened to coincide with hysterical reporting of the OJ Simpson verdict, including a despicable front-page article in the *Daily Mail*. You didn't have to be a professor in semantics to decode it.

As the party struggles to find ways to outflank Labour, the attraction of

nasty populism, however carefully camouflaged, is intense. No wonder one nation Tories are uneasy. Xenophobia is fashionable. Hysteria about Europe is still spreading in the party and there's a mood of growing intolerance about society's failures, reflected in the attacks by both main parties on beggars. This is not the country at ease with itself they all hoped for.

In the party, the intellectual force is still with the right. One senses that it is less Major whom Howarth has left than Michael Howard, Peter Lilley, Michael Portillo, John Redwood and the rising Thatcherite tide of 1992 intake MPs and 1997 intake candidates. He is defecting from them, and from his vision of the Tory party as an organisation subsiding into brutal nationalism and social coercion. Defection is the worst sin at Westminster, but it's hard to avoid the thought that if a few more MPs were a bit less loyal to the mandates of party orthodoxy, politics might be more popular.

What is harder to accept is Howarth's belief that the Tory left has been finally defeated and that one nation Conservatism should now be laid peacefully to rest alongside Lord Home of the Hirsels.

Though some of the party's most eminent names on the centre-left, from Douglas Hurd to Tristan Garel-Jones and Chris Patten, are retiring soon or in exile, the truth is that one nation Tories are still heavily represented throughout the Government. It is a comment on the state of the leadership that a lightheaded Tory has to defend to get a hearing, but even so, a party that sports Ken Clarke, Gillian Shephard, Sir George Young, Stephen Dorrell and Alastair Burt can hardly be described as a homogenous clutch of neo-Thatcherites.

There is a struggle going on for the soul of the Conservative Party between harsh populists and agonised "Tory reformers"; but there always has been. It has been going on for a century and a half, moulding a party that has been intellectually incoherent but rhetorically triumphant.

Up to now, if the Tories fight a savagely populist election campaign now, blaming, punishing and warning, it will end with their moral destruction, as well as their political defeat. There would be dirty blue water between the parties but because Middle Britain prizes decency and fairness even more than the flag, the Conservatives would sink there.

What Howarth's defection ought to do for the Prime Minister is to jolt him into intervening in this fight. It is in his interests to do so, for a gap has opened between his own precious reputation for decency and his party's image in the country. He would be horrified to think people suspect him of preparing for an indecent and xenophobic campaign; but people do, for quite good reasons.

Howarth's message is simply that Major and the Tory left have lost the country's attention, and that the voice of quiet patriotism and moderation is coming from Labour instead. Defectors are hard people to listen to. But if Howarth's message made a difference to the Tories, if they really thought about what he was saying, he might, even at this late stage, be doing his old party a greater favour than his new one.

God's mysterious ways at the BBC

"People outside the BBC don't understand how the BBC works," smiles Eric Bosworth, who is Commissioner-General of the BBC. "And now, after all the changes that John Birt has made to the BBC, nobody inside the BBC understands how it works, either. That's good. It's moving us closer and closer to the truly enduring international organisations. Such as IBM or AT&T."

"Well, I was thinking more of the Catholic church," smiles Bosworth, whose official title at the BBC is Commissioner-General but who is known to most people as Vicar. "Jesus' message was very simple. That was the Church turned it into a very complicated series of reorganisations which very few people understood. That is good. That is why it has survived so long. There is always a creative tension in the Catholic church between the simple message of Jesus and the tortuous thinking of the hierarchy. The same is true in the BBC."

With John Birt playing the part of the Pope? "Something like that," smiles the Vicar. "There is beginning to be a resemblance, don't you think?"

Bosworth smiles a lot. People at the top of the BBC do smile a lot. So do people at the top of the Catholic church. The two kinds of smile are quite similar. In fact, they are identical. It is the smile of someone who knows. Or at least of someone who wants you to think that he knows. And who knows that you don't know. It's the smile of the doctor who wants you to think he has arrived at a correct diagnosis. It is the smile of the bishop for his flock. It is also the smile of the bald-witted person glimpsed in a crowded tube train, but that is by the by.

"What you have to remember is that when John Birt arrived at the BBC, we were in tremendous financial trouble,"

smiles Bosworth. "He had to make economies. Everyone agreed on that. So we started setting up committees to see who could best be spared. And these committees decided that the people who could best be spared were those people who were not on committees to decide who could best be spared. So the decision-makers targeted the programme-makers, technicians, people like that. And we started shedding people like that. We made economies. This was good."

But surely the BBC is now in debt again, so much so that there was a great purge of programmes earlier this year, and many programmes already commissioned were cancelled? Was that because you had shed the people who made programmes?

"What you have to remember is that the Vicar, with the beaming smile of a man who has no intention of answering the



MILES KINGTON

"That's right!" says Bosworth, with the beaming smile of a vicar who has just learnt that the Church of England has lost millions of pounds through stupid investments, and that parishes are to be asked to help to make up the shortfall. "We lost more money! Instead of being in a better position we were in a worse position! Spot on!"

So what is the BBC going to do to restore its position?

"Well, we have finally located the core of the trouble. It's programmes. It's programmes that lose money. The making of programmes is not cost-effective." So you're going to cut out programmes altogether?

"That's a bit utopian, but we're certainly making it more difficult to make programmes," says the Vicar, with the seraphic smile of a child who has seen a vision. "It's getting harder and harder for producers to understand producer choice. It's getting harder and harder for them to book studios. It's getting harder and harder to get any decisions made, so naturally the flow of programmes is slowing down. And that's good, because it's all saving money. All you need, really, is one programme to stay market leader, like *Pride and Prejudice* or like our next big one, *Mozart's Pupils*."

Tomorrow: a look at "Mozart's Pupils"; the programme that the BBC hopes will save its bacon.

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Colin Powell is not yet running for America's top job – but he is in training. John Lichfield met him

A soldier with presidential vision



Photograph: Glynn Griffiths

General Powell, aren't you too nice to be a Republican? The question, although borrowed from a comment in his own book, takes the general a little by surprise. He looks irritated for a second; but then grins triumphantly.

It is true, he concedes, that many of his political pronouncements – pro abortion, pro welfare, pro gun-control, even 'relatively speaking, pro' Bill Clinton – make him an unusual Republican for the 1990s. He hasn't decided yet, he insists, whether he is a Republican. Or even whether he is running for president. He has taken non-Republican positions – and some rather more typically conservative ones – because he believes in them. This, the general implies, is also unusual for politicians in the 1990s.

The real point is – he now becomes animated – the real point is that despite these un-Republican positions, he is very popular with American voters, and very popular with Republicans. "All those guys, Dole, Gramm, Buchanan, they are all running on issues which are supposedly meat and drink to Republican primary voters. OK, then it's up to them to explain why I'm right up there in the polls and the others, Dole apart, are in single figures. How do they explain that?"

In theory General Colin Luther Powell is sticking to his word. He will not announce a decision on whether to enter the 1996 presidential race until next month. But the general is clearly, infectiously, a man on a roll. His book tour of America shattered all records. With 1.4 million copies in print, *A Soldier's Way*, the story of how a poor black boy from the Bronx became America's top general, may become, the Bible apart, the non-fiction best-seller of all time.

As the Republican nominee, he would be unarguably devastating. He would blow President Clinton out of the water (Republican votes plus black votes equals no contest). But before meeting the general in his London hotel room yesterday, I clung to the unfashionable view that he would not run next year; it was not possible for a man with his views, especially a black man, to win the Republican nomination. And to run as an independent and win would be impossible; no one has achieved it since George Washington.

General Powell, I thought, would ultimately agree on both these points. He would transfer his famous Powell Doctrine from the military to the political sphere: "Only take on clearly defined and achievable objectives and attack them with overwhelming force."

Listening to the general yesterday, it appears that I am right on the second point and hopelessly wrong on the first. General Powell's whole demeanour is that of a man savagely bitten by the presidential bug. He will not run as an independent, but he is clearly inclined to run as a Republican.

The book tour, he says disarmingly, is a dry run for a possible campaign: "To see whether a man who, up to now, only wanted to succeed as a soldier, can work up the same passion about politics". How does he feel so far? "I manage to get through the days. I enjoy myself."

But why? Why does he want to be president? What would a President Powell do? The scores of press clippings on previous Powell interviews are strangely mute on this point. So is the book (often moving but, equally often, frustratingly bland). In his final chapter,

ter, Powell tells us that he wants to rediscuss a "sensible centre" in American politics; that "we have to start thinking of America as a family"; that "I would enter because I believed I could do a better job than the other candidates of solving the nation's problems."

I suggest this is rather vague. General Powell grows a little irritated again. He has laid out policy positions, he says, but they do not create headlines because they are generally sensible. First of all, the general says, he wants to reaffirm America's commitment to capitalist, free-market economics: he wants a country which keeps the government off the backs of the people.

But, just to be specific for a moment, how would a President Powell square the triangle of reduced taxes (something he supports), increased public investment in education, etc (something he supports), and reducing the US federal budget deficit (something everybody supports). The general says he has already gone on record that a Powell presidency would challenge the huge untouchables in the US budget: the nearly 50 percent that goes every year on state pensions and health care for the poor and elderly. Although he believes these things should continue

to exist, he implies that enormous savings should be possible.

But he suggests that detailed legislative programmes are not the stuff of presidential politics – and he may be right. Americans vote for presidents they feel comfortable with, people they can imagine inviting into their sitting-rooms. A president is not a prime minister, General Powell says. He is sovereign, head of state, head of the armed forces and also head of government. The three presidents he served never quite managed to keep all four platters spinning, he implies.

Reagan and Bush were perhaps wanting as heads of government. Clinton has found it difficult to be taken seriously as head of state and sovereign. "But my impression is that he's getting the hang of it as last."

Isn't this an unusual compliment from a potential political rival? General Powell laughs with both shoulders. He is not, he says, a politician, not yet.

Beyond that, he says, he has a vision for America which falls into three parts: "I have a vision of a compassionate country, in which the wealthy are allowed to be wealthy but do not object to helping those less fortunate than themselves. I have a vision of a country which is finally able to face and fight its racial problems. I have a vision of a country which is willing to lead a world which would be free."

The language – with its conscious recollection of Martin Luther King – is interesting. Colin Powell is sometimes accused of being a white man's black man. This is not really fair. Unlike many successful American blacks he does not deny his roots or the sacrifices of others, Martin Luther King included, who helped some American blacks to escape northern ghettos and southern apartheid. Powell's whole career, as recited in his autobiography, is an effort to prove that a black man could succeed on equal terms in the white world.

This is possibly the real explanation for the temptation of Colin Powell: he wants to be not the first black president but the first president who happens to be black. His troubles, of course, are only starting. Whatever the polls say now, the Republican primary campaign will be every bit as nasty and bruising as Powell's friends are telling him. There are 13 Powell maxims printed at the end of his book. I suggest that the most appropriate to his present dilemma is the fifth: "Be careful what you choose. You may get it."

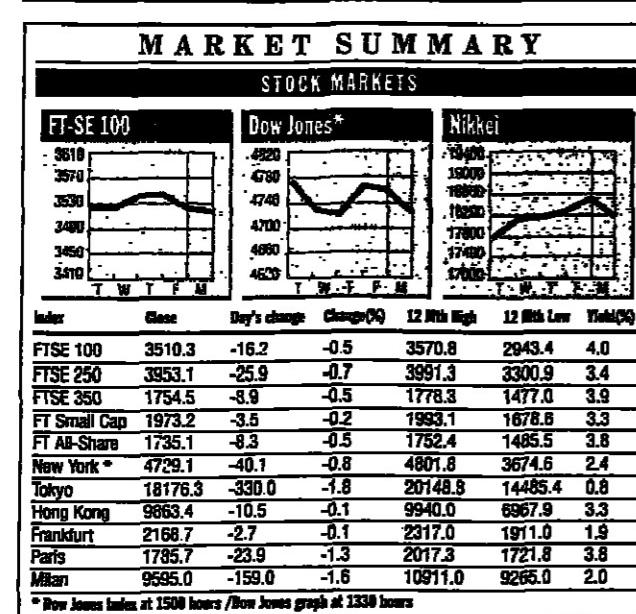
No, no, the general says, he is sticking with the first: "It ain't as bad as you think. It will look better in the morning."

Generation Why



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Over-banked Britain: £15bn Lloyds-TSB merger escalates nation-wide battle for market dominance

Merger threatens 20,000 bank jobs



Merger windfalls: Sir Brian Pitman (left), and Sir Nicholas Goodison, set to gain £2bn

JOHN EISENHAMMER
Financial Editor

The battle for size in the fiercely competitive UK retail banking sector escalated sharply yesterday with the announcement of Lloyds' planned merger with the TSB.

The combined group will have over 3,000 branches and a workforce of 85,000, transforming it into the country's biggest retail banking concern.

Sir Brian Pitman, Lloyds' chief executive, has issued dire predictions for some time about the way the UK banking industry must go. Over-capacity has been increasing the pressure for job cuts and consolidation, as the big retail banks and building societies all crowd on to one another's patch, offering lending, pensions, insurance, and savings and investment products. High street banks have cut more than 60,000 jobs in the past five years.

There was little doubt in Sir Brian's mind that size was essential for success. The broadest scope of outlets is needed to feed the increasingly varied range of financial products to customers. In particular, the chance to earn good profits in the mortgage lending business, where margins are under considerable pressure, is linked to achieving big volumes.

The Halifax-Leeds merger, and Abbey National's purchase

of National & Provincial, point up that others have drawn similar conclusions. Lloyds' takeover of Cheltenham & Gloucester building society this year showed where Sir Brian's ambitions were directed.

Yesterday's announcement intensifies the competitive heat on those players in the building society movement, notably the Woolwich and Alliance & Leicester, that aspire to the big financial service league.

The driving force behind Lloyds' strategy is mortgages, which the bank wants to grow into its biggest product. The acquisition of C & G gave Lloyds some 6 per cent of the UK housing loan market; TSB will bring its share up to 9 per cent, behind Halifax-Leeds and Abbey National-N&P.

As a means to this end, there is hardly a better strategic fit for Lloyds than the TSB, which, with only minimal corporate operations, is essentially a retail bank. Its geographical focus is

in the north of England and Scotland, against Lloyds' southern bias. Lloyds has a more up-market image, while TSB is very "studenty" and blue-collar.

Within the merged group, this offers considerable potential for branded marketing, which

Sir Brian is known to be much exercised about, with C & G as the main mortgage label, TSB for simple banking products, and Lloyds retaining the mantle of the more sophisticated service products.

The comparative lack of overlap, and the fact that the merger would make little difference to the highly sensitive small business lending market, are reasons why Lloyds stands more of a chance of escaping an MMC referral of the sort that terminated the ill-fated bid for Midland Bank in 1992.

But the merger still offers considerable scope for efficiency savings. Perhaps as many as 500 of the 3,000 branches will close, and the

90,000 combined workforce could drop by 20 per cent over several years.

Equal scope for efficiency gains exists in the big areas of fixed costs - the two head offices and investments in IT. By bringing together cheque-clearing, processing and money-transmission mechanisms, Lloyds-TSB could find substantial synergies.

For the TSB, the merger ends a long period of preparation. Too small to make its mark, it had toyed with buying a building society, but never took the final step. However, much it cut its costs, its underlying business struggled to gain momentum.

But there is a reward for effort for Mr Ellwood, TSB's chief executive, who, by landing the crucial role of integrating the dominant retail side of the business, looks well positioned to take over from Sir Brian as the head of Britain's planned banking leviathan.

The TSB were not owned by the government nor by their depositors - a fact that was established after a lengthy legal wrangle ending in the Lord

which decided that there were no owners, so all the proceeds of the flotation were kept by the bank. As many had predicted, the TSB used its unaccustomed wealth for a spurge of unsolicited acquisitions, of which the most spectacularly bad was, in £77m purchase of Hill Samuels in October 1987.

The bank that failed to say yes became a byword for poor management and confused strategy until Peter Ellwood, the new chief executive, decided to get back to the basics of retail banking and insurance.

Railtrack flotation set for spring

PETER RODGERS
and MARY FAGAN

Sir George Young, the transport secretary, is expected to announce tomorrow at the Tory conference that the Railtrack flotation will be in the spring. With Ian Lang, the President of the Board of Trade, likely to confirm on Thursday that the nuclear privatisation is slotted in for summer, there is increasing reluctance to put the company on the market until it has completed a second full financial year in March. This indicates April at the earliest for the sale, which is expected to fetch £1.5-2bn. The City is also likely to want further evidence of progress on the privatisation of British Rail Infrastructure Services, the companies which

eventually decided for the poll.

Sir George has so far stuck to the formula that the privatisation will be within the lifetime of the present parliament, but officials have been working on a timetable for a sale between February and June for some months.

Railtrack has said it will be ready for privatisation in the new year. However, there is in

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eventually decided for the poll.

The government's hopes of privatising a large part of the nuclear industry by next summer have been overshadowed by the problem of fitting the sale in with the Railtrack flotation.

Advisers believe they have convinced ministers that the City

will be willing to buy both in quick succession.

There is also a view in the City that the £2.5bn nuclear sale could be delayed if the Government decides to refer the takeover bids by National Power and PowerGen to the Monopolies and Mergers Commission. Both generators have

tabled agreed bids for regions

and electricity distribution and supply companies.

ADMIRAL source said that the effect on nuclear privatisation of a referral would depend on its terms and timing. One possibility is that the desire to sell the nuclear company could tip the balance against a reference in spite of political pressure to call the bids in.

The Government has also to agree conditions with the state-owned British Nuclear Fuels to assume stewardship of the ageing Magnox plants that are to be left out of the sale. John Guinness, chairman of BNFL, has warned that he will refuse to accept the plants unless the government specifies how the billions of pounds in clean-up liabilities are to be funded.

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COMMENT

"What emerges is a very different sort of bank from the others, offering everything from traditional retail banking through insurance and mortgages to Peps and other personal saving plans."

Sir Brian's retail behemoth moves a step closer

For Sir Brian Pitman, chief executive of Lloyds Bank, this may be a case of third time lucky. First he was thwarted over Standard Chartered, then stymied on Midland. Eventually there was the consolation prize of the Cheltenham and Gloucester building society, but for Sir Brian, this was never going to be anything more than a *hors d'oeuvre*. With the TSB now being garnished for the main course, Sir Brian may be able to end his career on a high note after all. Unlike Midland, this is a deal that doesn't look like being whipped away from him before he can eat.

On the face of it, the takeover by Lloyds of another major high street bank involving thousands of job losses, is as clear a case for reference to the Monopolies and Mergers Commission as could get. A number of things have changed since Sir Brian's abortive tilt at Midland, however. For a start, the market has become more competitive and fragmented. Furthermore, the Government is now more sympathetic to the case for consolidating mergers, even those involving very substantial job losses than it was. Brewing, defence, media, the utilities, investment banking, there is scarcely a sector that hasn't escaped some kind of action; the Government has tailored its mergers policy to accommodate it.

Though this takeover will make Lloyds into Britain's largest bank in terms of employees, branches and market value, it will not involve the same dominant position

in key market segments that went with Midland. The banking lethargy that emerges is a rather more acceptable one. The amount of rationalisation involved is not as radical, nor will the emergent beast be so self-evidently the anti-competitive force that the Midland one would have been. TSB is strong in Scotland and the North; Lloyds in the South. The geographical fit is better, and the consequent branch closure programme less severe.

Even so, Lloyds cannot expect an entirely free ride. The job losses and branch closures are bad enough and while most people in business understand what Sir Brian means when they talk about chronic over-capacity in high street banking, politically it is hard to sell an efficiency driven deal such as this one at a time when banks are enjoying record profits. Sir Brian always argues a powerful case, but you have to wonder whether the idea behind a takeover that presents Lloyds into Britain's most powerful high street bank is really as much about serving the customer as is pretended.

But let's give Lloyds the benefit of the doubt. Certainly what emerges is a very different sort of bank from the others, one that begins to resemble a retail financial services giant that Sir Brian dreams of creating, offering everything from traditional retail banking through insurance and mortgages to Peps and other personal saving plans.

It is no coincidence that the TSB too was

looking for a building society takeover. The merged bank will have a 10 per cent share of the mortgage market, dramatically distinguishing it from other clearers.

Even the TSB's investment banking operation, Hill Samuel, neatly fits Sir Brian's strategy with its strong bias towards private client business. Who would have guessed that such a disastrous and expensive diversification as Hill Samuel could have ended up suiting anyone's purpose, let alone that of one so fundamentally averse to the risks and culture of investment banking as Sir Brian Pitman?

For shareholders in TSB, this is probably a fate as reasonable as could have been hoped for given the bank's abominable record since privatisation in 1986. TSB was a unique animal, a bank that owned itself, so when it was sold to investors, all the proceeds went into its own coffers.

The result was a squandering of inheritance of almost heroic proportions. Hill Samuel and its ill-fated attempt to expand into the corporate lending market was only the tip of the iceberg. The fact that shareholders are showing a profit at all is testimony only to the extent of the original privatisation giveaway.

Despite these failings, the TSB remains fundamentally a sound bank with an information technology setup in credit cards, credit control and telephone banking that Lloyds can usefully apply elsewhere. Assuming Lloyds is allowed to proceed, the TSB

should ultimately prove a far more appropriate and profitable consolidation than Midland was ever likely to be.

Don't blame the gnomes of London

By jacking up interest rates, the Banque de France has bought time for the embattled French franc. But it seems highly likely that those shadowy "gnomes of London" will be back in force before long. It always makes good copy to knock the speculators, as Prime Minister Alain Juppé did over the weekend, but more often than not there is reason to their nefarious activities.

The franc is under attack because there is a fundamental clash of objectives at the heart of economic policy in France.

During the election campaign, Jacques Chirac made a reduction in unemployment his chief priority. The government is committed to creating 700,000 new jobs by the end of next year. The social problems that led to this pledge are as pressing as ever. Last week Yves Galland, the industry minister, said that if something were not done about unemployment and poverty, France could face an upheaval similar to the May 1968

high, particularly for young people. But in the short-term, the best cure for unemployment is an economy that is rattling along.

When output was growing at about 4 per cent at the end of last year, the jobless count was falling. Now that the economy is growing at about 2.5 per cent, the fall in unemployment has stalled. Furthermore, growth is expected to slacken still further in the next few months. With the end of the temporary stimulus of measures introduced by Edouard Balladur, the former prime minister, to help car sales, consumer spending is likely to start falling off once more.

The sharp deceleration in the French economy is mainly because monetary policy is too tight. With inflation at 2 per cent, real interest rates are now over 5 per cent – and this in an economy that is only in its second year of recovery.

What the gnomes of London are telling Alain Juppé and Jean-Claude Trichet, the governor of the French central bank, is that they need to cut interest rates rather than raise them. That easing of monetary policy makes all the more sense in the light of the proposed tightening of fiscal policy as part of the French government's attempts to meet the Maastricht convergence criteria.

Blaming the speculators is like blaming the messenger. Better to read the message, take stock and change policy to one that makes sense. Defending the franc at present levels is a no-win game.

Inflation pushes sterling into dip

PAUL WALLACE
Economics Editor

Worse-than-expected inflationary pressures in manufacturing took their toll on the markets yesterday, against a background of political worries generated by the defection of the Tory MP Alan Howarth. Sterling fell, gilts dropped back and hopes of an early cut in interest rates receded.

At the London close, the trade-weighted index of sterling had fallen from 85.1 to 84.6. The pound ended the day at DM2.2413, 1.5 pence down against the mark compared with Friday. However, against the dollar, the pound rose half a cent to close at \$1.5867.

"Sterling is always vulnerable to politics," said Kit Juckes, currency strategist at NatWest Markets. "Following the defection of Mr Howarth, some people have been nervously redoing the arithmetic on the timing of the next election, with an increased awareness it might come sooner than anticipated."

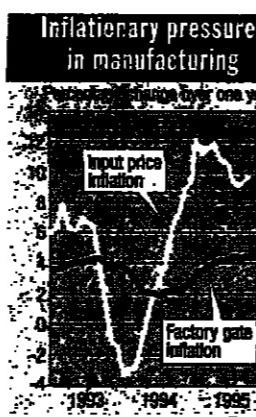
The City was also taken aback by the fact that the annual rate of inflation in fuels and materials purchased by industry rose from 9.2 to 9.5 per cent. The rise, the first since April, surprised the markets, which

had been expecting a further decline to under 8 per cent. Meanwhile, factory gate inflation which had fallen in August to 4.4 per cent rose back again in September to 4.5 per cent.

The markets' reaction was to mark down the price of the December short sterling future which indicates expectations of short-term interest rates. By the end of the day's trading, the contract was implying interest rates of 6.71 per cent, a rise of 10 basis points, taking it close to the existing base rate of 6.75 per cent. As recently as Thursday, the markets were anticipating a cut in rates to 6.54 per cent. Gilt also fell sharply on the news, with the December gilt future losing more than half a point on the day.

"There was no scope in these figures for an early cut in interest rates," said John Shepherd, chief economist at Yamaichi International. "They were poor, particularly on the input side, where they were considerably worse than expected. The key question they pose is how far this pressure will be passed down the chain. The longer it persists the higher the risk of some ultimate impact on retail prices."

The monthly increase in input prices in September was a seasonally adjusted 0.9 per cent,



Markets still sceptical on beleaguered franc

PAUL WALLACE
Economics Editor

A rise in interest rates of over 1 per cent by the Banque de France brought respite to the beleaguered French franc. But the foreign exchange markets remained sceptical about the ability and commitment of the French government to sustain the prolonged defence of the franc with higher interest rates. After falling to 3.53DM in early trading, the franc recovered to 3.51 after the French central bank raised its overnight rate from 6.15 to 7.25 per cent. Three month rates rose to 7.40 per cent from 6.375 per cent. The Bundesbank also pitched in with some verbal support: its president, Hans Tietmeyer, said today's decision from the Bank of France will help to overcome the recent uncertainties in the currency markets.

The finance minister, Jean Arthus, strove to convince the

markets about the underlying strengths of the French economy. Speaking in Washington at the IMF meeting, he said that the outlook for competitiveness, inflation and growth was good, and the government deficit was on a downward path.

However, in London's foreign exchange markets there remained big question marks about the sustainability of French economic policy. The Banque de France strategy of raising interest rates was seen as offering only short-term support.

"This is only a holding measure in the hope the problem goes away," said Kit Juckes, currency strategist at NatWest Markets. "The French economy is in no shape to survive a protracted period of higher interest rates."

"I don't think it will hold the line," said Paul Mortimer-Lee, chief economist at Panbras Capital Markets. "We're in for a further period of pressure in which you could see the franc falling to 3.60 or 3.65."

The doubts in the currency markets about the step taken by the Banque de France stem from a widespread belief that the French government has incompatible policy objectives.

On the one hand it wants to cut the budget deficit in order to meet the Maastricht convergence criteria for monetary union. On the other hand it wants to reduce unemployment which President Chirac described as his "priority of priorities" in the election campaign.

The trouble is that as the government reduces the budget deficit, so it needs to ease monetary policy in order to bolster economic activity and increase jobs. This leads to the conclusion that the central bank will not be able to defend the currency through higher interest rates for long.

Data expert told: 'scrap files'

NIC CICUTTA

A systems expert formerly employed by the media tycoon Robert Maxwell told a court yesterday how she deleted documents stored on his computer by order of the publisher's youngest son, Kevin.

Liza Payne, the 69th witness to testify at the Old Bailey trial, said that about three weeks after Robert Maxwell died at sea in 1991 she asked Kevin Maxwell what to do with the documents. He told her to get rid of them, she alleged.

However, questioned by Kevin Maxwell's defence lawyer, Alan Jones QC, she admitted that all the information, including memos and letters, was not destroyed because it was still in the back-up system and on hard copies.

She said that she supervised

the office of Maxwell Communications Corporation, she was responsible for maintaining the computer files and back-up system.

"I asked Kevin what I should do with Robert Maxwell's documents now that the secretaries were gone – they were taking up space on the computer. He said I should delete them, get rid of them," she said.

Ms Payne added that she had asked Kevin what to do with the information because it was clogging the computer system and slowing it down.

Kevin Maxwell, his brother Ian, and former company director Larry Trachtenberg, deny conspiring to defraud pensioners by misusing pension fund assets to raise bank loans.

The prosecution is expected to formally close its case when the trial resumes today.

Ms Payne said that as systems co-ordinator for the chairman's

office of Maxwell Communications Corporation, she was responsible for maintaining the computer files and back-up system. "I asked Kevin what I should do with Robert Maxwell's documents now that the secretaries were gone – they were taking up space on the computer. He said I should delete them, get rid of them," she said.

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Tokyo says it knew of losses at Daiwa

RICHARD LLOYD PARRY
Tokyo

The escalating Daiwa Bank scandal threatened to draw in the Japanese government yesterday, after an admission by the finance ministry that it knew of the bank's \$1.1bn (£257m) bond losses 41 days before they were reported to the US authorities.

The two top executives of Daiwa announced their resignations yesterday as a gesture of responsibility for the losses run up by a rogue trader at the bank's New York branch. "The bank intends to make a fresh start by improving the management and supervisory systems," said the departing president, Akira Fujita. The chairman, Sumio Abekawa, will also step down in the spring.

But the awkward questions raised by the debacle multiply. On Friday, Daiwa officials admitted that in a 1992 inspection they concealed their failure to separate the bank's bond trading and record-keeping operations – the failing that allowed an executive vice president, Toshihide Iguchi, to accumulate

immense losses over 11 years. Mr Iguchi is in custody on fraud charges, but Daiwa also acknowledged for the first time that several other employees in New York had been involved.

Yesterday, the ministry of finance announced that its ongoing investigation had uncovered an earlier, unreported bond loss of \$97m incurred between 1984 and 1994 at the New York branch of Daiwa Trust Co., the bank's investment trust arm.

Perhaps the most serious of yesterday's revelations concerned the time lag between Daiwa's notification of its loss to the finance ministry and the report to the Federal Reserve. The outgoing president, Mr Akira, received a letter of confession from Mr Iguchi on 24 July, and informed the ministry's banking bureau on 8 August. But it was not until 18 September that the federal authorities were informed. Both US federal law and the state banking regulations of New York require that financial institutions report illicit activities immediately.

"We wanted to avoid inflicting damage to the Japanese financial system, which was already facing a series of collapses with the Cosmo Credit Corporation and the Kizu Credit Union in August," said Mr Abekawa, the departing chairman. The vice finance minister, Kyosuke Shinzawa, said "it is Daiwa Bank, rather than the ministry, which has the obligation to report the incident".

But it is certain to provoke suspicions there was collusion between the ministry and Daiwa to allow the bank to cover its losses before revealing them publicly.



Loss of faces: Takashi Kaiho (left) will become president of Daiwa Bank, replacing Akira Fujita (centre). Sumio Abekawa, chairman, (right) has also resigned

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Investment column, page 22

business

Harsh realities of national interest

There is a great temptation in the financial markets to wind up expectations ahead of Group of Seven meetings: the idea that when the finance ministers of the world's largest seven economies get together they must emerge with some grand policy initiative to tackle the markets' preoccupation of the day. When they don't, the markets duly profess disappointment and accuse them of complacency.

Sometimes the concerns of the markets prove justified, there is some kind of dramatic movement either in bond or currency markets, and either policies do change, or the markets get far out of line if a spontaneous reaction takes place. And sometimes the markets have simply got things wrong.

The weekend meeting of G7, ahead of the IMF and World Bank meetings which start today, already fits into this familiar pattern for the markets yesterday were in their usual ill-tempered mood. But to focus on this seems to me to miss a much bigger and more interesting change which is taking place in the relationship between the governments of developed countries and financial markets.

It is a change which has been happening for perhaps a couple of years but it became rather clearer over the weekend.

For a decade at least, governments have been aware that they have to frame their economic policies to fit the concerns of the markets. They frequently resent it, witness the comments by the French prime minister Alain Juppé about the "gnomes of London" attacking the French franc. But the disciplines are accepted, maybe reluctantly.

What has been lacking in the developed world until very recently is the realisation that these externally-imposed disciplines, far from being a somewhat unwelcome limit on the democratic freedom of a government, might actually be a positive protection of democracy. Thus, far from resenting the markets' preference for, say, a balanced budget, governments ought to welcome it.

Here the attitude of developed countries has lagged behind that of many developing ones. The great intellectual revolution in the developing world over the last ten years is the way governments have seen the liberating effects of access to international capital and investment. Provide reasonably sound economic policies and the money and physical investment flows in. A country's economy can be transformed in a decade by such foreign investment. Without it, similar progress would take a generation at least, and might not happen at all.

Thanks to such growth, the large industrial countries are



ECONOMIC VIEW

HAMISH MCRAE

less important in relative terms than they were a decade ago.

The new IMF *World Economic Outlook* expects that the developing countries will account for a larger share of the world economy than the developed ones by 2004. But they are also less important in the world of economic ideas, for they have been slower to see the rise in the power of international capital markets as an opportunity, rather than a threat.

They are changing their tone now. This change is encapsulated in a paper published here by the IMF under the off-putting title of *Saving Investment and Real Interest Rates*. It is actually a revolutionary document. For the last year a team

The disciplines of the market may be a protection of democracy

led by Mervyn King of the Bank of England, has been analysing why real interest rates are exceptionally high at the moment. This might seem an arcane issue, but it is of enormous practical consequence. For the private sector, high real interest rates are bad enough, for they tend to inhibit investment and thus tend to lead to slower growth. But for the public sector high real interest rates are a doomsday machine.

If real interest rates are 2-3 per cent, it is possible for governments to contain the growth of the national debt. The precise mathematics depend on the growth of the economy and the size of the debt, but you can see the general picture. Economies of developed countries grow at 2-3 per cent, and national debt is typically 50-100 per cent of GDP.

So a government can match taxes and spending on services and rely on growth to cover the interest so that national debt does not rise as a proportion of GDP. But with real rates at 4 per cent governments have to set aside more and more revenue simply to cover the interest on previous borrowings.

So the higher real interest rates, the greater the extent to which governments have to punish present taxpayers for the sins of previous governments. The arithmetic is made worse still by the ageing of our populations. Not only are we piling up debts which have to be serviced at higher real interest rates; there will be fewer workers to pay this interest and more pensioners who have claims on public spending.

Britain, as it happens, is relatively well placed, partly because the debt to GDP ratio is unusually low (just on 50 per cent) and partly because our demographic profile is less unfavourable than most. Italy and Belgium have debts of more than 125 per cent of GDP and have to run large primary surpluses just to stay in the same place. Doomsday looms.

Of course governments have become increasingly aware of these Micawberish problems, but they have never formally confronted them as a group. Last weekend the summit countries, plus Belgium, the Netherlands, Sweden and Switzerland accepted this report and by implication its remedy.

The remedy? Only by saving more can countries cut real interest rates. The swiftest, surest and most equitable way to raise national saving would be to reduce fiscal deficits. Now a report is a report and nothing more. Governments can agree on it and do precisely the opposite. But here the discipline of the markets kicks in, for if they do ignore fiscal reality, the markets impose "significant penalties in the form of higher interest rates". National self-interest, the report argues, requires the pursuit of sound economic policies.

But not just national self-interest; also equity between generations. The report points out that a government deficit is postponement of taxes. So the markets, in punishing governments which run deficits, are on the side of the children and the unborn. Far from being an amoral force, imposing an arbitrary discipline which challenges democracy, the market gives a voice to future voters in a way the ballot box cannot. It reinforces democracy.

All this may seem a long way from whether interest rates and share prices will go up or down. But it is the key to future market movements. We are too close to the change in mood among governments to be able to see it properly, just as it was impossible in the early 1980s to see the beginning of the conquest of the market economy across two-thirds of the world.

But one thing we can see. Tell M. Juppé that French fiscal policy needs to be tightened because London foreign exchange dealers want it and not much will happen. But if it is in the French national self-interest that is a rather different matter.

Warning lowers Oliver

RUSSELL HOTTEN

Shares in Oliver Group, the footwear retailer, plunged 25p to 57p yesterday as the company warned that losses would deepen in the second half.

The company, which blamed poor shoe sales to children returning to school, said there would be no final dividend. Oliver, which reported a £1.1m deficit at the half year, had also passed the interim payout to shareholders.

Oliver, which last month appointed the Olympus Sports chain founder Martin Watts as group managing director, issued a profits warning in June in advance of publication of the interim results on 4 September.

The company said yesterday that trading had deteriorated "rapidly" since the interim.

Oliver said the "crucial back-to-school season had been extremely poor and seriously below last year's achievement and our expectations." The company expected heavy discounting and margin pressures to continue throughout the second half.

Dennis Cassidy, the former Bodddington's chairman who had nursed Oliver back to health before the recent setbacks, said deteriorating consumer confidence was to blame.

The number of UK stores had been cut to around 340 from 440 two years ago. But under Mr Cassidy, Oliver is starting to expand again, and last year launched a self-service store format called Paris.

In the six months to 1 July, Oliver made pre-tax losses of £1.15m, against £1.65m last time, and came despite a rise in turnover from £32.2m to £34.5m.

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THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Age begins to tell at Wetherspoon

JD Wetherspoon: at a glance

Market value: £220m, share price 63p

Five-year record

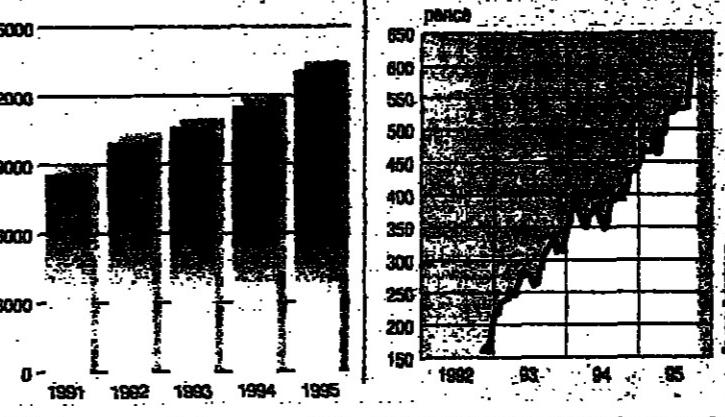
1991 1992 1993 1994 1995

Turnover (£m) 1.10 0.98 4.77 6.05 6.71

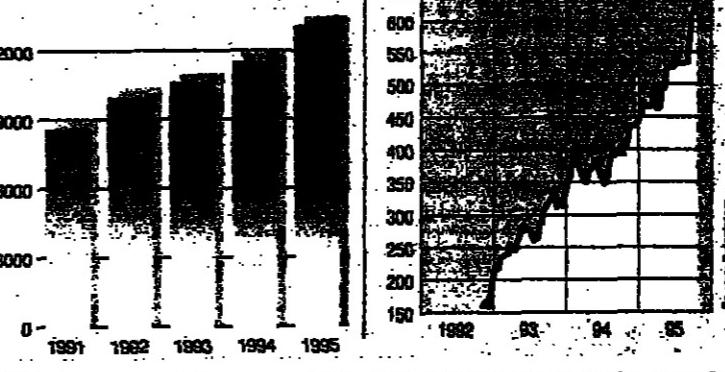
Pre-tax profit (£m) -1.10 2.4 5.2 6.8 8.1

Earnings per share (pence) 1.8 2.4 5.2 6.8 8.1

Sales per pub week (£)



Share price



Most people only dream about what Tim Martin, chairman of JD Wetherspoon, has achieved – finding a gap in the market, filling it and making a handsome fortune in the process. Not that his fellow shareholders will begrudge the dropped-out baristar his £40m, 18 per cent stake in the independent pub operator he founded 12 years ago. Since flotation three years later, their shares, down 7p to 630p yesterday, have quadrupled.

It is a simple concept. Wetherspoon buys large high street premises – often former banks or car showrooms – gets change-of-use permission and turns them into clean, attractive pubs with a good range of relatively cheap beer. Not surprisingly, the new pubs tend to wipe the floor with the existing dingy boozers in the vicinity and Wetherspoon's expansion has been dogged by spoiling attempts by the big brewers and other vested interests.

Figures for the year to July showed that the remarkable growth of the past few years continues, with pre-tax profits up 50 per cent to £9.7m from a 47 per cent rise in sales to £68.5m. Following last year's rights issue, earnings jumped by a third to 24.6p, allowing a 21 per cent hike in the price to 8p.

Good as the figures were, they were a fraction below the market's consensus forecast and, reading between the lines, a number of concerns are emerging. Not massive worries, but when a share is as highly rated as Wetherspoon has become the small cracks can unseat investors.

First, cashflow. Wetherspoon is expanding fast, more than two new pubs a month, and soaking up about £30m a year in the process. Last year free cash flow amounted to just over £10m, leaving a substantial shortfall. Over the next five years, in addition to existing banking lines, perhaps £50m will be required, so expect another rights issue.

The other main worry is the aging of the group. As the years pass, a greater proportion of the portfolio is accounted for by pubs more than three years old. In that context, like-for-like sales growth of only 3 per cent in the second half of last year, compared with 10 per cent in the first, is not surprising and probably what investors should expect. Growth from now on will only come from adding new sites.

Those are the caveats. They should not detract from projected profits this year of £12.5m and earnings per share of 31p. With that sort of growth, a prospective price/earnings ratio of 20 is probably justifiable, but the best of the run must have already happened.

Norwegian eyes are smiling

It is ironic that just as Aran Energy was starting to make some real money, the Irish oil exploration stock has become the target of

a bid. Pre-tax profits have more than doubled to £6.5m (£6.8m) in the last three years, giving shareholders the prospect of a dividend for the first time in the company's 23-year history. All being well, Aran has promised investors 10p next year.

But that is likely to prove academic, given the auction that looks set to break out over Ireland's biggest home-grown oil group. The US company ARCO opened the bidding at 10p a share in August, but has now raised that to 10.5p following the revelation on Friday that Statoil, the Norwegian state-owned company, was considering stepping into the fray.

Even before any higher offer, Statoil had complicated the bid by taking a 47 per cent stake in Aran's Connemara field, west of Ireland, in exchange for providing joint venture

COMPANY RESULTS				
	Turnover £	Pre-tax	EPS p	Dividend p
Firestar (F)	2.62m (2.67m)	0.11m (0.07m)	0.45 (0.40)	n/-
Fine Decor (F)	19.5m (18.8m)	0.41m (1.4m)	2.2 (7.3)	n/- (2.7)
Forward Technology (F)	17.5m (15.4m)	0.81m (0.34m)	1.9 (0.6)	1 (0.5)
JD Wetherspoon (F)	68.5m (68.6m)	9.7m (6.48m)	24.6 (18.2)	8 (8.6)
Lucas (Former) (F)	2.74m (2.95m)	30.4m (+130m)	9.5 (6.3)	7 (7)
MR Data Management (F)	41.4m (40.5m)	1.31m (0.35m)	1.8 (8)	3.576 (5.536)
Manganese Bronze (F)	88.3m (74.6m)	4.20m (2.04m)	15.53 (7.58)	5 (4)
Day Homes (F)	118m (85.1m)	7.08m (6.22m)	15.9 (15.5)	7 (6.45)
(F) - Quarterly (F) - Final (F) - Interim				

finance. Shareholders will vote on that deal the day before the bid closes on 24 October, much to the irritation of ARCO, which says that it will only pay 10p a share if the proposal is approved.

As ever with exploration companies like Aran, valuation of the underlying assets will be one of the keys to the outcome of the bid. Given the star-quality of this exercise, each side can quite plausibly rubbish the other's advisers without losing undue credibility.

Even so, it is hard not to agree with ARCO's criticism of Aran's valuation, which at 10.5p a share suggests the undrilled exploration acreage alone is worth 10.5p.

To realise such value depends on a much firmer oil price than at present and a successful exploration pro-

Anglian Group's two top men step down

NIC CUCUTI

Anglian Group, the troubled double glazing firm, yesterday announced that its chief executive, Ron Swift, and non-executive chairman, Sir Colin Barker, are to retire. Their departure from the housing products company follows a collapse in the value of its shares after a profits warning last month.

Mr Swift said the Anglian Group management had not addressed fundamental issues. He disputed a statement from the board suggesting that the company had made substantial progress since 1994.

He said the continuing operations of Anglian had made losses before tax of £1.048m for the first half of the current financial year, an increase of 20 per cent over the previous year.

He said a number of other institutional shareholders had ex-

pressed support for his bid but that none other than PFDM had decided to accept his bid "at this stage".

The other leading institutional shareholders in Anglian are Equitable Life (around 7.5 per cent), Schroders (7 per cent), Norwich Union (6 per cent), Lazard (6 per cent), and Robert Fleming (5 per cent).

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Share prices, which had risen slightly after a 20 per cent drop 10 days ago to 115p, remained unchanged yesterday at 122p.

Last month, Anglian Group warned that trading profits in the half-year to the end of Sep-

tember were expected to be down 20 per cent and dividend levels would reflect this fall.

In the past two years the company has been hit by a combination of warm weather, heavy competition and the slump in the housing market.

Sir Colin, said last month that, while sales in the last six months were comparable to last year's levels, an unfavourable change in their mix from commercial to retail, was bound to hit

unit trusts/data

FOREIGN EXCHANGE RATES											
STERLING		DOLLAR		DE-MARKS							
Country	Spot	1 month	3 months	Spot	1 month						
US	1.5988	14-18	34-31	1.2000	-	1	0.7084	1	1.17	0.9448	
Canada	2.1149	16-18	27-24	1.3593	-	2-4		1	1.20-1.21	1.20-1.21	
Germany	2.2888	80-83	129-140	1.4116	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
France	7.8744	80-83	123-125	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Iceland	1.0434	80-84	120-127	1.0000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Japan	1.0007	91-98	205-214	1.0000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
ECU	1.2247	11-18	26-20	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Belgium	4.0411	12-14	20-22	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Netherlands	2.5205	80-84	141-152	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Ireland	0.9000	8-8	20-17	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Norway	9.0000	151-168	378-390	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Spain	1.2000	10-12	20-25	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Australia	1.0000	12-15	20-25	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
New Zealand	2.2881	36-51	111-139	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Small Arms	0.8402	68-68	150-160	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Singapore	2.2571	43-57	130-151	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Australia	2.0768	8-12	27-38	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Hong Kong	4.0186	45-55	92-97	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
New Zealand	2.2881	36-51	111-139	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Small Arms	0.8402	68-68	150-160	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
Singapore	2.2571	43-57	130-151	1.2000	-	1.20-1.21	1.20-1.21	1	1.20-1.21	1.20-1.21	
OTHER SPOT RATES											
Country	Sterling	Dollar	Country	Sterling	Dollar						
Argentina	1.2000	1	Argentina	1.2000	1						
Bahrain	1.2000	1	Bahrain	1.2000	1						
Barbados	1.2000	1	Barbados	1.2000	1						
Bahrain	1.2000	1	Bahrain	1.2000	1						
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Bahrain	1.2000	1	Bahrain	1.2000	1						
Bahrain	1.2000	1	Bahrain	1.2000	1						
Bahrain	1.2000	1	Bahrain								

sport

RACING: From Co Antrim, via the Curragh, a talented young rider tracks the boot steps of Adrian Maguire McCoy quick to show he is the real thing

GREG WOOD

Senior riders nicknamed Adrian Maguire "the Golden Child" when he arrived in Britain's weighing rooms. Now, it seems, he has a younger brother. Tony McCoy currently leads the jump jockeys' championship with 48 winners. Yet this time last year the 21-year-old had been in Britain for three weeks and had ridden just one winner.

Even in a sport which can pluck names from obscurity on a whim, McCoy's ascent has been surprisingly swift, but it shows every sign of proving unusually durable too. After five months of his first season without the benefit of a weight allowance, he is at the top of the riders' table – eight wins clear of his nearest pursuer, Martin Pipe's stable jockey, David Bridgewater, and 34 wins ahead of Maguire.

Yesterday, McCoy was a 5-1 chance with William Hill to add the senior title to the conditional riders' championship he won last year. Only Bridgewater (8-11) and Maguire (15-8) were quoted at shorter odds. Those prices, however, were being cut last night after Norman Williamson, another contender, broke a leg at Sedgefield.

A McCoy ride on a recent afternoon at Huntingdon exemplified his talent. A small mare making her debut over fences,

needed a little time to adjust. McCoy gave her space, a chance to measure her fences, and when she took a long look at the open ditch in front of the stands, her rider was balanced and prepared, ready to coax her across.

By the time they left the back for the final time, she was jumping with fluency and enthusiasm. McCoy reeled in the leader after the second-last, his mount pulling double, and then quickened away for a comfortable success. The mare's first experience of fences, which could so easily have been traumatic, instead brought reassurance and success.

Afterwards, McCoy was modest but satisfied. It was a good day's work. One ride, one win is worth much more than the riding fees from a dozen losers. Zajira is the sort of novice to run up a sequence, and McCoy has just earned the right to share it.

At his age, he can afford to

take a long-term view, but there is a rich streak of ambition mixed in with his surprise at how rapidly he has found success. "I have absolutely no thoughts about the championship," he said, "but if it's something I want some day and, hopefully, sooner rather than later."

As with so many Irish riders, his youth is deceptive. McCoy started riding point-to-pointers in County Antrim as a schoolboy, and showed such promise that a four-and-a-half-year apprenticeship at Jim Bolger's blue-chip Flat stable followed.

Eventually, though, the scales told him that his future in the saddle would be over the jumps.

"I got an awful lot of experience at Jim Bolger's which has done me a lot of good," McCoy said. "It definitely paid off a few times when I beat the previous record total for a claimer, which was set by Maguire. Then, his decision to ride throughout the new summer jumping season gave him an invaluable head-start in the new campaign.

As he continues to hold tight to his lead, his self-belief, already strong, can only grow still further. Jump-racing is too capricious a pursuit for firm targets or career-plans, but Tony McCoy knows he is good, and knows what he wants. He says he would like to be the champion sooner rather than later. It may be sooner than he would dare to dream.

yard where there might be a job at the end of it. Then Toby Balding made it his business to come and get me, and everything that's happened since then, I owe to him.

Balding was one of the first British trainers to appreciate the depth of Adrian Maguire's talent, and McCoy was shrewd enough to realize that might help his own name-recognition. "I knew that Adrian had come out of there, so if I got a good start the publicity would definitely be a big help to me."

It was a smart move, but then McCoy has a useful knack for good publicity. The highlight of last season was not just his success in the conditional's championship, but also the fact that his 74 winners beat the previous record total for a claimer, which was set by Maguire.

Now, his decision to ride throughout the new summer jumping season gave him an invaluable head-start in the new campaign.

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Williamson breaks leg

Norman Williamson broke his right femur in a fall at Sedgefield yesterday. From his hospital bed in Stockton last night, the Irishman said he could be out of action for between four and six months.

He was trampled on after

steepchaser Joe White crashed out at the penultimate fence in the second race.

Pat Eddery was banned for three days at Leicester yesterday for making insufficient effort on Little Black Dress, who finished fourth in the 43.40 race.



Photo-setter: Tony McCoy holds a clear lead in the title race

Photograph: Adam Scott

CHEPSTOW

	HYPERION
2.15 Snowy Petrel	4.15 Sulzhero
2.45 Strutting	4.45 Trafalgar Lady
3.15 Chilli Heights	5.15 SING WITH THE BAND (nap)
3.45 Yuhraze	

GOING: Good to soft (Soft patches).

STALLS: Stable course – stands' side; round course – inside rail.

DRAW ADVANTAGE: High up to 1m.

■ Performance: 8-4, Chepstow Maiden (2nd) (Carrick – Gloucester line) is 1 mile away. ADMISSION: G £11 (16 to 24-year-olds £6); Tattersalls £8; Course £5. CAR PARK: Carrick St 23.

SIS: All races

■ LEADING TRAINERS WITH RUNNERS: R. Hanrahan – 18 winners from 128 runs gives a success ratio of 14.9% and a loss to a 1:1 level of 23.7%; H. Codd – 11 winners, 35 runners, 9-1% – 1:1 level, 44 runners.

■ LEADING JOCKEYS: P. Cole – 9 winners, 77 runners, 11.7% – 1:1 level, 45.4% – 10 wins, 104 rides, 52.1%; T. Cadden – 13 wins, 82 rides, 15.5%, 51.5%; M. Roberts – 12; wins, 41 rides, 29.5%, 42.6%.

BLINKED FIRST TIMES: Gleeson (2.16), Pacific Overture & More Blooming (3.45).

WINNERS IN THE LAST SEVEN DAYS: Chepstow (4.45) won at Deddur on 24.9.95.

LONG-DISTANCE RUNNERS: Birchwood Sun (3.15) has been sent 243 miles by M. Dods from Pierbridge, Co Durham.

2.15 FORTRESS HANDECAP (CLASS D) £5,250 added 1m 4f

1 1-2000 DREAMS END (9) (T. Price) 7.0 10.0 ... J. Smith 6/3

2 4/41/20 SNOWY PETREL (13) (G. Thomas) 7.0 10.0 ... J. Smith 6/3

3 4/42/02 STRUTTING (13) (D. D. Eddery) 7.0 10.0 ... J. Eddery 1

4 2/24/02 GLORIOUS (13) (D. Codd) 7.0 10.0 ... J. Codd 1

5 4/30/10 TAFFER (13) (D. D. Eddery) 7.0 10.0 ... J. Eddery 5

6 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 2

7 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Codd 1

8 0/0/0/0 UNCHARTED WINTERS (23) (R. Open) 7.0 10.0 ... J. Carroll 5

9 0/0/0/0 LONG DISTANCE (23) (R. Open) 7.0 10.0 ... J. Carroll 5

10 0/0/0/0 FORTRESS (23) (R. Open) 7.0 10.0 ... J. Carroll 5

11 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

12 0/0/0/0 SNOWY PETREL (13) (G. Thomas) 7.0 10.0 ... J. Smith 6/3

13 0/0/0/0 BLINKED (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

14 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

15 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

16 0/0/0/0 UNCHARTED WINTERS (23) (R. Open) 7.0 10.0 ... J. Carroll 5

17 0/0/0/0 LONG DISTANCE (23) (R. Open) 7.0 10.0 ... J. Carroll 5

18 0/0/0/0 FORTRESS (23) (R. Open) 7.0 10.0 ... J. Carroll 5

19 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

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22 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

23 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

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41 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

42 0/0/0/0 FORTRESS (23) (R. Open) 7.0 10.0 ... J. Carroll 5

43 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

44 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

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46 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

47 0/0/0/0 YUHRAZE (13) (D. Codd) 7.0 10.0 ... J. Carroll 5

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58 0/0/0/0 CHILLI HEIGHTS (3) (E. J. Godwin) 6/3 4.9/2 ... J. Carroll 5

sport

I certainly hope that new rules about professionalism do not prevent good books of this kind from being written

Selectors throughout the world are confronted by a problem which few, if any, will solve satisfactorily: whether to look forward to the World Cup in 1998, to live in the present and select on merit alone, or to mix the two approaches. Most countries will opt for the last - the compromise - solution. New Zealand show signs of adopting the first; though their emulation of the old French policy of mass execution may owe more to their defeat in this year's final than to looking forward towards 1998.

England, however, propose to choose on merit. Anyway, that is what Jack Rowell told Brian Moore - and that is why Moore has put off his decision to retire from international rugby. The story is told in

Moore and Stephen Jones's book *Brian Moore: The Autobiography* (Partridge Press, £16.99).

It is published at a most apposite time. Not only has everything that Moore prophesied and worked for more or less come about - though not perhaps in the way he wanted - it has happened when he, and others like him, are growing too old to profit from it.

In the recent England team there are Moore himself, Rob Andrew, Dewi Morris, Dean Richards, Rory Underwood and the most public figure of all, Will Carling. Morris has already retired; while Andrew is to become a player-manager with Newcastle. The rest will almost certainly not be playing in the next World Cup. Even more unfairly, they

will miss the money that will be forthcoming in the next few years.

Certainly Andrew has secured lucrative employment in his native north-east. Carling's business continues, though whether his recent escapades make it a better or worse commercial proposition is not for me to say. The point is, however, that the players who did more than any others to bring about professionalism in the northern hemisphere - the senior members of the England squad - do not look likely to make as much as they could have done, because their careers are drawing to a close.

If Moore, an intelligent man, realises this, he shows no sign of bitterness. It is not a bitter book. What it is, if I may make the distinction, is a resentful book. In particular, Moore



ALAN WATKINS

generous tribute to Cooke, saying that though the England players deserve the credit for the team's success in recent years, this would not have come about without Cooke.

Others of whom Moore writes generously are Ian McGeechan; Rowell, from what he has seen of him; and also his old Nottingham friend, Alan Davies, who was, he rightly thinks, unfairly dismissed by Wales before the last World Cup.

Altogether he makes several valuable points about touring, though they are not set out in any very clear or systematic way. He believes that coaches should coach and managers manage, and that Cook's principal failing was that he would put his spoke into the coaching machinery. Clive Rowlands, on the 1989 Lions tour of

Australia, did not make this mistake.

Though Moore describes Rowlands as "viable" - as, indeed, he is, few more so - he considers that he did a good job. In fact, he and Ieman Evans are the only two Welshmen (three if you count Davies too) of whom he has a good word to say.

His general view seems to be that as England have long suffered verbal and worse abuse from the Celtic nations and the French, so they are now in justice entitled to a bit of their own back.

Thus the Irish are patronised as kick-and-rushers, their victories over England in 1993 and 1994 rather glossed over, though Moore has a good whinge about Simon Geoghegan's try on the latter occasion. The Welsh are largely ignored.

Though he is loud in his praises of Kinghorn, he does not mention St Helen's or Stride Park at all. The French are tricky customers, prone to dirty play. But Moore reserves his strongest indignation for the Scots, particularly for John Jeffrey, both as a perpetually offside player and as a nationalistic commentator.

All in all it is a most stimulating performance. I certainly hope that new rules about professionalism do not prevent good books of this kind from being written. Still, I could have done with fewer stories about being sick on various occasions, and with a drastic reduction in assertions of the author's independence, aggression, competitiveness and refusal to stand any nonsense from anyone. We know, Brian, we know.

Boban the inspiration for Croatia

Conflict in the former Yugoslavia forced their captain into exile but now he stands on the brink of leading them to Euro '96. Trevor Haylett reports from Split

The emotion from a capacity crowd directed towards a group of outstanding footballers who have been their hope and inspiration through five years of war was tangible. It got to one more than Zvonimir Boban, the Croatian captain, who, legend goes, had a part in the sequence of events that led to the conflict in the former Yugoslavia.

Were he not an inspirational leader of his successful team Boban, the illustrious Milan midfielder, would still be an emblem for national pride and courage among the people who have endured the bloody horrors in the Balkans for too long.

On a celebratory Sunday night in Split, he was the most impressive of the Croatian side whose 1-1 draw with Italy moved them a vital step nearer the European Championship finals in England next summer.

In 1990 he was just one of a crop of emerging talent consistently reared in a Republic then moving tragically towards its catastrophic break-up. On this particular day Boban was playing for Dynamo Zagreb against Red Star Belgrade, the pride of the Serbs.

Tensions were already high. The game, staged in Croatia and policed by Serbs, featured running battles between supporters and the authorities.

Fans spilled onto the pitch at the end to escape the worst of it, whereupon the police began beating them up. So it incensed Boban that in a flash of temper which would make Eric

Cantona proud, he directed a fly-kick at a uniformed officer. That show of solidarity made him a greater hero among the Croats but a marked man in the eyes of the enemy. The powers in Belgrade wanted him put on trial and he was forced into hiding before Milan rescued him and offered him a lavish lifestyle with the chance to win domestic and European honours.

Today as the warring nations edge towards peace they still talk about Boban's bravery and it is commonly recalled as one of the myriad and complex events that conspired to produce the armed struggle.

Two days ago in the Poljud Stadium that still bears the bullet holes from the opening shots in the conflict, Croatia fought back for an equaliser to maintain their three-point advantage over an Italian side reduced to 10 men after their goalkeeper, Luca Bucci, was sent off nine minutes into the qualifying tie for handing out-side.

The 1994 World Cup finalist had demanded that the game be switched to somewhere safer, such as Vienna. The Croatian cynics said it was a request based on footballing logic and

the desire not to lose a second time to Boban's boys which would have brought the Azurri's own qualifying chances into serious question.

With Demetrio Albertini's 29th minute goal, the Italians suddenly felt at home and it needed Davor Suker's penalty equaliser - making him joint leading scorer among the qualifying nations with 12 - to preserve their three-point lead.

The Croatian goalscorer admitted that he had never known an atmosphere as passionate as that in Split on Sunday. "It really got to the players," he said. "Our people are so happy because they see an end to the war in sight. That and the historic times for Croatian football, because we will be the first to qualify for the finals of a major tournament, is why they were so spectacular."

"We are all looking forward to coming to England and hopefully to play at Wembley which

is the best stadium in Europe. It has been so hard for our people and that is why the players give everything in every match."

Suker, Bolisl and Boban are the pick of the Croatian collection who grew up together and were all part of the Under-19 Yugoslav team that won the World Youth Championship in Chile in 1989.

Historically, their country has always formed the rump of the Yugoslav side. Their coach-



Dubravko Pavicic, of Croatia, and Italy's Alessandro del Piero (left) in pursuit of a shared Euro '96 goal in Split on Sunday

Photograph: AFP

WHERE ARE THEY NOW?



Paul Mariner

If England's defeat in Oslo in September 1981 stunned the nation, drawing comparison with the humiliating defeats by the United States at the Horizonte in 1950, its effect on the players involved was no less devastating. In Paul Mariner's recollection, it was "the lowest point in my career".

"In those days, you did not expect Norway to play with such passion and skill," the former Ipswich and Arsenal centre-forward said. "It was such a shock and disappointment."

The result placed England's qualification for the World Cup finals the following year in doubt but, in the event, Mariner's scrambled goal against Hungary at Wembley two months later was enough to book England's passage to Spain. It was the first of five consecutive goalscoring appearances by Mariner in an England shirt, equalling the record set by Jimmy Greaves.

Mariner's post-playing career initially took him into sports management. Unfulfilled, however, he soon left for America, where he coached professionally in New York.

Now 42 and divorced, he lives at Aldington, between Chichester and Bognor. His three sons, aged eight, 10 and 12, live in Devon. Jon Culley

Mariners' big catch

Baseball

RUPERT CORNWELL

Just a month ago, Seattle voters rejected an increase in the local sales tax to help finance a new baseball stadium, and the Mariners' ownership was threatening to take the team out of town for good. However, this weekend's heroics against the New York Yankees have changed all that, as the Mariners battled into the first American League Championship series in the history of the franchise.

The crumbing old Kingdom has known nothing like it, as the Mariners overthrew a 2-0 deficit in New York to clinch the best-of-five divisional series with a three-game home sweep, topped by a palpitating 6-5 extra-innings victory on Sunday evening. For a national TV audience, it was a reminder that,

strikes, selfishness and greed notwithstanding, there's life in the grand old game yet.

Seattle's three certified superstars all played a key role: All Star outfielder Ken Griffey Jr smashed a towering home run, a weary left-handed starter Randy Johnson came off the bench to pitch three innings of relief on just 48 hours' rest, while the AL batting champion Edgar Martinez hit the game-winning double that drove in two runs at the bottom of the 11th.

Thus the stage is set for two most intriguing league championship match-ups. In the Cleveland Indians, fresh from a 3-0 rout of the outclassed Boston Red Sox, tonight kick off their best of seven series with the Mariners in Seattle. Meanwhile two of baseball's thoroughbreds, the Atlanta Braves and the Cincinnati Reds, do battle for the National League Crown.

Logically the Indians, boasting the most murderous hitting line-up in the game, should prevail. But Seattle are on a roll and in Johnson, the 6ft 10in tall possessor of a 98 mph fastball, they have the most intimidating pitcher in baseball.

In the NL, justice demands a triumph of the Braves, the best team of the last decade not to have won a World Series. However, the Reds - lacking big names but with the speed, power and pitching to cause an upset - are confident of a first ever-Ohio World Series, between Cincinnati and Cleveland.

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Marino is upstaged

American football

MATT TENCH

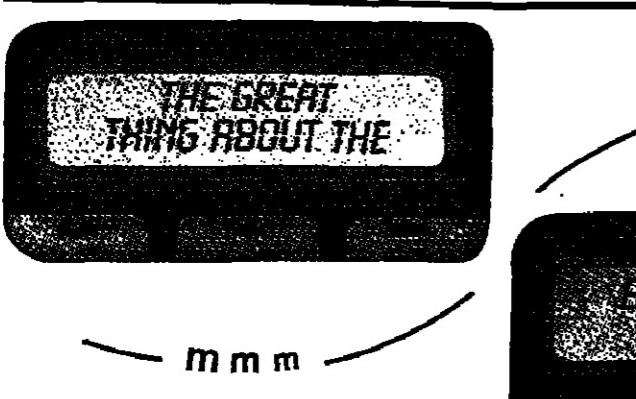
It was supposed to be Dan Marino's day but, with a sense of irony in which the sporting gods seem to revel, it became Jim Harbaugh's. And so, by the end of a strange afternoon in Miami, the spotlight had shifted from the man statistically cementing his reputation as the game's greatest quarterback to someone who only just qualifies as a journeyman.

With his fourth successful pass in Miami's game with Indianapolis, Marino broke the all-time NFL record for completions, his six-yarder to Keith Byars surpassing Fran Tarkenton's mark of 3,686. At that time the match could hardly have been better for Marino, with the Dolphins in control as they strolled to a 24-3 half-time lead.

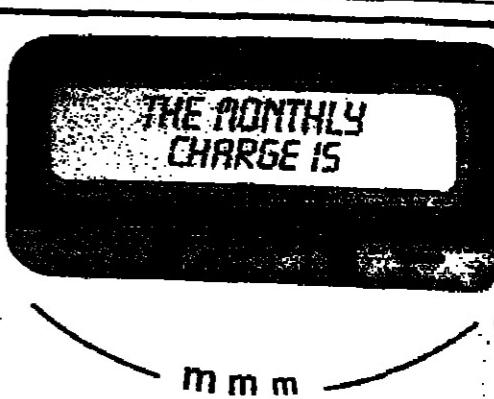
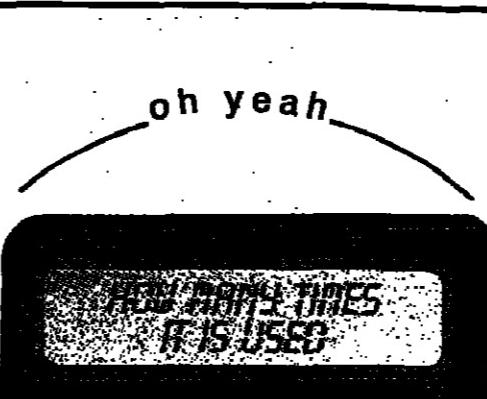
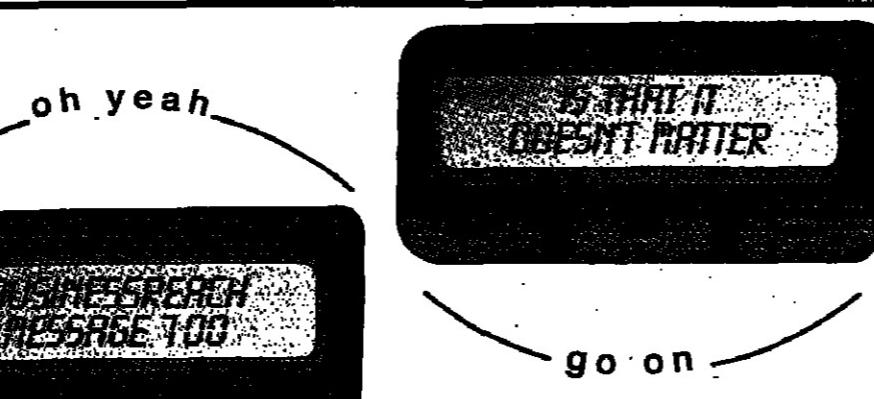
Just as worrying for Miami fans is Marino's health. He injured his hip and right knee during the game, had keyhole surgery on the knee yesterday and will definitely miss Sunday's game at New Orleans.

The Dolphins' defeat allowed the Florida bragging rights to go to the Jacksonville Jaguars and Tampa Bay Buccaneers. The Jags, who turned a few heads by posting their first victory a week ago, had them swivelling Exorcist-style after they had beaten the Pittsburgh Steelers 20-16. Mark Brunell threw for 189 yards and a TD as the Steelers, the choice of many, including your correspondent, to make this year's Super Bowl tumbled to another unlikely loss. The Buccaneers enjoyed an unusual view of the NFC Central - from the top - thanks to the 19-16 defeat of Cincinnati.

NFL Home Team: 1. Atlanta 21-10; 2. Chicago 21-21; Detroit 27-10; Tampa Bay 21-16; Cleveland 16-13; Dallas 24-13; Green Bay 23-13; Jacksonville 20-16; Buffalo 24-16; Indianapolis 27-10; NY Jets 10-10; San Francisco 26-26; Oakland 34-Seattle 34; Philadelphia 37-37; Denver 34-Atlanta 34; New England 34-37; Dallas 34-30; St Louis 34-34.



Featured Model: BusinessReach Message 700, with single line output visual display, only



SPORT

Venables in mood to lay the ghosts

Football

GLENN MOORE
reports from Oslo

England landed in the gathering gloom of a Norwegian evening last night with revenge on their minds but, officially at least, off the agenda.

In the last 14 years Norway have twice humiliated England in Oslo. The 1981 defeat, by 2-1, will be forever remembered for the Norwegian TV commentator whose delight led him to crow "Maggie Thatcher, Winston Churchill, Lord Nelson, your boys took one hell of a beating".

However, that defeat, though embarrassing, did not prevent England qualifying for the following year's World Cup. The loss in 1993 did. The infamous quote from that year belongs to the manager, Graham Taylor, who accused his team of "running around like headless chickens" in Poland four days earlier.

Robson owes debt to Dunga

Following his spectacular coup in signing the Brazilian, Juninho, the Middlesbrough manager, Bryan Robson has urged his fellow British managers to follow him and look to South America for new talent.

"Sometimes we underestimate ourselves in this country," he said. "My credo is that if you fancy a top player in the world, why not go out and get him? You never know."

"In the past the top Brazilians, with the sort of money they've wanted, have chosen Spain and Italy, where there's a lot of money and the league was probably classed as better than the British leagues."

"But now the Premier League, with all the commercial money coming in, is catching up – if not overtaking – the Spanish and we're getting very close to Serie A. We can compete with them and start bringing more of the top players in."

Juninho, the 22-year-old midfielder who masterminded England's defeat at Wembley last summer, was always Robson's prime target. "We were a step ahead by going out there," he said. "Once I got across the table, the stumbling block was persuading them to sell. I never had a problem getting Jun-

then sent them out with an unfathomable formation.

Les Ferdinand, who made his third England appearance in the '93 match, recalled: "The disappointing thing was we changed our game. We nullified our strengths to accommodate theirs."

Having also drawn twice at Wembley in the last three years Norway have thus conceded two goals in the last four meetings with England – after slipping 2-0 in the previous five. In addition, their club champions Rosenborg Trondheim defeated Blackburn Rovers in the Champions' League just a fortnight ago.

But, though Norway were at the last World Cup and England were not, they are not that good. At club level Rosenborg are the only Norwegian team left in Europe – compared to England's five – while the national team, though top of their group, will probably fail to make the European Championships unless they gain a

draw in the Netherlands next month.

But, for England, the most galling aspect of Norway's recent success against them is that it has been achieved by playing English-style football at its long-ball basic. "It is certainly effective, they get good results and we have the scars to prove it," Terry Venables said.

The England coach may have meant physically as well as mentally. There is much to come for tomorrow, but, said Venables, "looking for revenge is dangerous. You have got to have a clear head and be resolute. They are a tough side. We have got to stand up to that and play our football."

Venables' football is based on short-passing, rather than the long-ball, and he intends to continue with that philosophy. Whether he goes on to do so after next summer's European Championship, and in what role, is still uncertain.

Venables has been touted as a potential appointment as Technical Director, the new post which will oversee development of the English game. There has also been talk of his re-negotiating his contract in the wake of Internazionale's attempt to secure his services. Yesterday he said he had neither been interviewed for the new role, nor discussed his current contract. David Davies, the FA's Director of Public Affairs, stressed that, contrary to reports, a shortlist has not yet been drawn up.

"When I went into management I thought I would definitely look at Brazilians. When people talk about the best players in the world, they're almost all Brazilian, so I studied them a lot over the last year," Robson said. "We talk about the skills they have but they are tough, too."

Liverpool's Jason McAteer looks set to start in place of John Sheridan, who yesterday pulled out of the Republic of Ireland squad to face Latvia tomorrow in their European Championship qualifier in Dublin.

Similarly, Northern Ireland have lost the services of the Southampton midfielder, Jim Magilton, who withdrew from a leg injury shortly before the squad left for their tie, in the same group, with Liechtenstein. West Ham's Keith Rowland has been called up as a replacement. John Robertson, the Hearts striker who has not started in any of Scotland's nine European Championship qualifying games, will sit behind either Alan Shearer – the likely choice – or Les Ferdinand in attack.



Lord of the rings: Yuri Chechi, the world champion from Italy, holds on for his third successive gold medal in apparatus finals during the World Gymnastics Championships in Saitama, Japan, yesterday. Chechi won with a score of 9,850 points

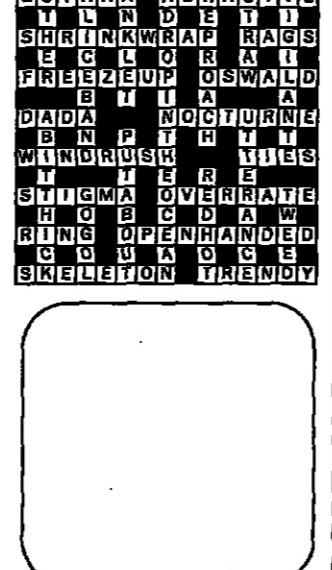
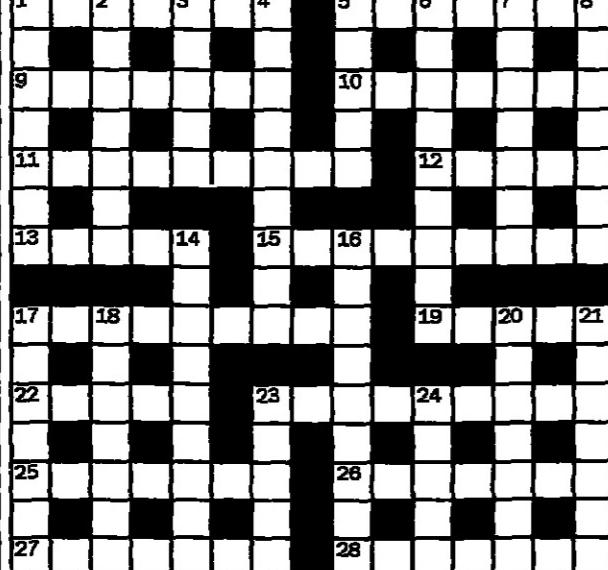
Photograph: Eriko Sugita/Reuters

THE INDEPENDENT CROSSWORD

No 2801. Tuesday 10 October

By Asker

Monday's Solution



- 1 Left and hurried back, coming in to make meal of jam (5-2)
- 5 Material one removed from architectural column? (7)
- 9 Motorway organisation backs one at front of convoy (7)
- 10 It's said to give rise to contraband? (7)
- 11 Fish in European country one can sell to anybody (9)
- 12 Greek prayer which is for the departed? (5)
- 13 Composer featuring in catalogue we hear? (5)
- 15 Deceitful junior employee? (9)
- 17 Senior teacher's sour? It's a great advantage (4-5)
- 19 One wades right into corporal punishment (5)
- 22 Person in charge of frenetic activity (5)

- 23 One US soldier in elaborate start (9)
- 25 Limiting island holidays does not give one a clear run? (7)
- 26 Entral in Parisian vase with gliding movement (7)
- 27 Some research assistance needed to a frame? (7)
- 28 Support for board's formulation of letters (7)
- DOWN
- 1 Fanciful in the mood for dismissing a lot? (7)
- 2 Bald Henry left, inspiration being impossible? (7)
- 3 Balanced lines about the first lady (5)
- 4 Possibly nine plus one made by Gower? (9)
- 5 One in posture showing balance (5)
- 6 Logical end of Spenser narrative could be so? (9)
- 7 Double act performed, containing old piece of music? (7)
- 8 Perhaps embarrassed about exorbitant rate for tyre? (7)
- 14 Al cricket bags which can set precedents? (4-5)
- 16 Potential merit in minor damage or injury? (9)
- 17 House crime test by ancient lawman? (7)
- 18 Wrong names by one? A case of this perhaps? (7)
- 20 A female insect is unyielding? (7)
- 21 A rumer has to take English and needs one to explain text? (7)
- 23 There could be nothing like one's watering hole? (5)
- 24 One uses flexible spring (5)

Racing and hockey in first drugs test failures

Drugs in sport

RICHARD EDMONDSON AND NICK DUXBURY

Racing, hockey and athletics were joined together yesterday in a fashion none of the them would have wished – by drugs.

The apprentice jockey Sean McCarthy became the first rider in Britain to fail a random drug test, while the German international, Oliver Kurtz, joined him as a hockey "first" after his system showed traces of cocaine.

Athletics, unlike the other two no stranger to drugs, had the South African javelin thrower Philip Spies falling foul of three banned stimulants.

The 22-year-old McCarthy, will tomorrow discover his punishment after testing positive for cannabinoids and amphet-

amines. McCarthy, who was born in Liverpool, will appear in front of the Jockey Club's Disciplinary Committee for sentence following a positive sample he returned at Folkestone in August. He is expected to be suspended for a month.

This is the first case of its kind since random testing was introduced to the sport just over a year ago. Some 150 tests have been carried out so far.

It was McCarthy's misfortune that drug-testers turned up at Folkestone on 15 August, one of the few days he has actually ridden in public this year. He was tested after partnering Harry Welsh into third place in the concluding apprentice handicap for the Lambourn trainer Kevin McCallum.

Michael Caulfield, the Secretary of the Jockeys Association said: "The message is

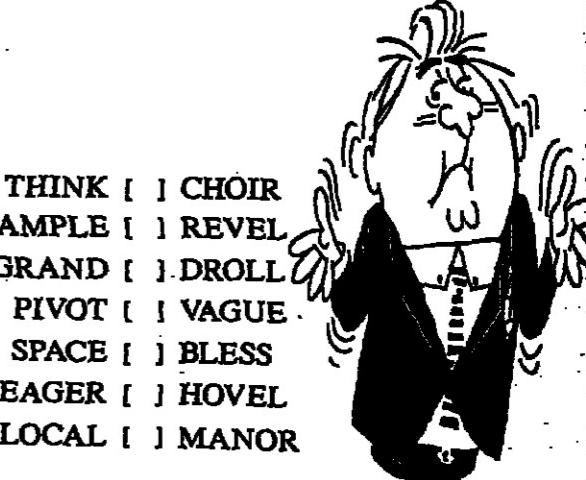
simple, that any dabbling at all will lead to people getting caught. There is no place in racing for any illegal drugs."

The International Hockey Federation, who have carried out tests since 1968, have banned Kurtz from playing for Germany for two years and his club until April next year.

He tested positive for benzoylgegonine, a metabolic of cocaine, at the Atlanta Challenge Cup in August. The Federation stressed that the substance was "one of a social nature and should not be considered as a performance enhancing drug."

Spies, 25, tested positive for tephedrine, methylamphetamine and pseudoephedrine at the All Africa invitation meeting in Johannesburg last month. He has been suspended pending a hearing by Athletics South Africa.

HAVE YOU GOT WHAT IT TAKES?



THINK [] CHOIR
AMPLE [] REVEL
GRAND [] DROLL
PIVOT [] VAGUE
SPACE [] BLESS
EAGER [] HOVEL
LOCAL [] MANOR

Hill to race with leg fracture

Motor racing

DERICK ALLSOP

Damon Hill will nurse a hairline fracture of the leg through the closing stages of the Formula One season and still endeavour to recoup some honour from the wreckage of his world championship challenge.

The Englishman, launching a limited edition of print etchings at Harrods yesterday, also traced the line of the problem on the outside of his knee. "It hurt like hell in testing last week," he said, "but nothing like as much as losing the championship."

The injury, which was sustained when he crashed in the Grand Prix of Europe at the Nürburgring nine days ago, was

discovered by Hill's physiotherapist and interrupted the Williams-Renault driver's test programme at Imola. He is adamant, however, that it will not dilute his determination to end his season on a high.

Hill, trailing Benetton-Renault's Michael Schumacher by 27 points with three races left to contest, said: "It's getting easier all the time and I'm determined to see out the rest of the season.

Even if it's not possible to win the championship now, there's still a lot to glean. There is a lot of honour at stake. There are three races left and I think I can win all of them. That's my target."

Hill has been severely criticised for not owing up to some of his lapses this season, and he

Place a letter between the words which, when substituted for the middle letter of each word either side, will create two other words. When all the letters have been found a word can be read downwards. What is the word?

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